# DOCUMENT RESUME

ED 458 994 PS 029 963

| | |
|---|---|
| AUTHOR | Schulman, Karen; Blank, Helen; Ewen, Danielle |
| TITLE | A Fragile Foundation: State Child Care Assistance Policies. |
| INSTITUTION | Children's Defense Fund, Washington, DC. |
| SPONS AGENCY | Ford Foundation, New York, NY.; Mott (C.S.) Foundation, Flint, MI.; Booth Ferris Foundation, New York, NY.; Citigroup Foundation, New York, NY.; Annie E. Casey Foundation, Baltimore, MD. |
| PUB DATE | 2001-11-00 |
| NOTE | 227p. |
| AVAILABLE FROM | Children's Defense Fund, 25 E Street, NW, Washington, DC 20001 ($8.95). Tel: 202-628-8787; Fax: 202-662-3510; Web site: http://www.childrensdefense.org. |
| PUB TYPE | Information Analyses (070) -- Numerical/Quantitative Data (110) |
| EDRS PRICE | EDRS Price MF01 Plus Postage. PC Not Available from EDRS. |
| DESCRIPTORS | *Day Care; Early Childhood Education; *Eligibility; *Employed Parents; Financial Support; Government Role; Program Administration; *State Programs; Welfare Services |
| IDENTIFIERS | Access to Services; Reimbursement Programs; *Subsidized Child Care Services |

ABSTRACT

Noting that families need access to high quality care so that their children can start school ready to learn and so that parents can work, this report examines state child care subsidy policy choices. Following an executive summary, chapter 1 of the report discusses state policy regarding eligibility criteria related to families receiving welfare, low-income families, low-income families transitioning off welfare, and special populations. Chapter 2 considers access to child care assistance for eligible families, including information on the numbers of families on waiting lists, how families find out about care, and barriers to remaining eligible for assistance. Chapter 3 examines co-payments by parents, discussing designing a fee scale, fees for families at different income levels, fees for multiple children, and fee exemptions. Chapter 4 discusses policies related to payment rates, including setting the basic reimbursement amount, issues in determining reimbursement rates, and differential rates for special care. Chapter 5 considers states' methods for paying providers, focusing on certificates, contracts, and the child care disregard. Chapter 6 examines state variations in the types of care used by families receiving assistance, restrictions of type of care, and trends in type of care used. Chapter 7 discusses states' administration of subsidy programs. Appended are summaries describing for each state and the District of Columbia the eligibility criteria, access to assistance for eligible families, parent co-payments, payment rates, types of care used by families receiving assistance, and a state contact. (KB)

Reproductions supplied by EDRS are the best that can be made
from the original document.

ED 458 994

# A FRAGILE FOUNDATION:

## STATE CHILD CARE ASSISTANCE POLICIES

PS 029963

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☒ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

- Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL IN MICROFICHE, AND IN ELECTRONIC MEDIA FOR ERIC COLLECTION SUBSCRIBERS ONLY, HAS BEEN GRANTED BY

Sandra Won

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

2A

**Children's Defense Fund**

BEST COPY AVAILABLE

# A FRAGILE FOUNDATION:

# STATE CHILD CARE ASSISTANCE POLICIES

Karen Schulman
Helen Blank
Danielle Ewen

November 2001

Children's Defense Fund

# About the Children's Defense Fund

The mission of the Children's Defense Fund is to Leave No Child Behind® and to ensure every child a *Healthy Start*, a *Head Start*, a *Fair Start*, a *Safe Start*, and a *Moral Start* in life and successful passage to adulthood with the help of caring families and communities.

CDF provides a strong, effective voice for *all* the children of America who cannot vote, lobby, or speak for themselves. We pay particular attention to the needs of poor and minority children and those with disabilities. CDF educates the nation about the needs of children and encourages preventive investments before they get sick, into trouble, drop out of school, or suffer family breakdown.

CDF began in 1973 and is a private, nonprofit organization supported by foundation and corporate grants and individual donations. We have never taken government funds.

# Acknowledgments

This report is one of a series of reports by the Children's Defense Fund (CDF) concerning child care and early education. CDF's work on this report was supported by the Booth Ferris Foundation, the Annie E. Casey Foundation, the Citigroup Foundation, the Ford Foundation, the Charles Stewart Mott Foundation, the Prudential Foundation, and the Vanguard Charitable Endowment Program.

This report would not have been possible without the tremendous assistance of the state child care administrators who responded to our lengthy survey and willingly answered repeated requests for follow-up information and clarifications about their policies. We wish to thank Gina Adams, Abby Cohen, Ann Collins, Mark Greenberg, Joan Lombardi, John Sciamanna, Patty Siegel, and Louise Stoney as well for helping develop the survey and providing us with thoughtful comments on a draft of the report. In addition, we would like to express our appreciation to CDF interns Laura Binger and Stephanie Morales for their diligent, thorough work and invaluable assistance on this project. We are also extremely grateful for the contributions of many CDF staff members, including Elizabeth Alesbury, Mary Bourdette, Anourack Chinyavong, Jennifer Hutsal, Susanne Martinez, Laurie Miller, Nicole Oxendine Poersch, Cindy Rigoli, and Sandra Won.

Copyright ©2001 by the Children's Defense Fund.
All right reserved.

These materials may be photocopied and distributed without further permission or payment to CDF.

# Table of Contents

---

Executive Summary . . . vii

Introduction . . . 1

Chapter 1. Determining Which Families Are Eligible for Child Care Assistance . . . 5

- Part I: Families Receiving Welfare . . . 7
- Part II: Low-Income Families . . . 23
- Part III: Low-Income Families Transitioning Off Welfare . . . 47
- Part IV: Special Populations . . . 53

Chapter 2. Access to Child Care Assistance for Eligible Families . . . 61

Chapter 3. Parent Co-payments . . . 77

Chapter 4. Payment Rates . . . 93

Chapter 5. Payment Approaches . . . 123

Chapter 6. Types of Care . . . 131

Chapter 7. Administration . . . 139

Appendix. Individual State Summary Pages . . . 143

# Executive Summary

Families need access to high quality care so that children can start school ready to learn and parents can work. The importance of high quality care has become increasingly clear in recent years. New studies demonstrate that children's experiences in their early years have lasting impacts on their ability to succeed in school and in life. Research on brain development and other studies show that young children need quality environments in and out of the home to promote their well-being, ensure they get a strong start, and prepare them to learn.

The availability of high quality care is even more crucial with an ever increasing number of parents relying on child care so they can go to work. Low-income parents often have no choice but to work so they can support their families. Parents receiving welfare now face strong work requirements as a result of changes in the federal welfare law passed in 1996. Among families receiving welfare cash assistance, the proportion participating in paid employment or work activities grew from 11 percent in 1996 to 33 percent in 1999. Overall, employment among low-income single mothers with young children grew from 44 percent in 1996 to 55 percent in 1999.[1] Child care costs can be a staggering burden for these working parents, consuming over a third of the income of a family in poverty.[2]

The welfare law created a new urgency to meet families' need for child care help while offering states new opportunities and resources to accomplish this task. Yet, five years later, much remains to be done. A review of state child care policies as of March 15, 2000 gives both reason for hope and cause for disappointment. Some states are moving forward to make more families eligible for child care assistance, improve administrative systems to better ensure that families who are eligible for assistance will receive it, lower parent co-payments, or raise provider reimbursement rates. The number of children and families receiving assistance has increased significantly over the past five years.[3] However, the goal of providing adequate supports for children and families remains far out of reach. In 1999, only one out of eight children eligible for child care assistance through the Child Care and Development Block Grant (CCDBG) program was receiving it.[4] In two out of five states, a family earning as little as $25,000 could not qualify for help as of March 2000. Every state's child care subsidy system falls short in important areas affecting the availability and quality of care.

---

[1] U.S. Department of Health and Human Services, Administration for Children and Families, Office of Planning, Research and Evaluation, *Temporary Assistance for Needy Families (TANF) Program: Third Annual Report to Congress* (Washington, D.C.: U.S. Department of Health and Human Services, August 2000).

[2] Kristin Smith, *Who's Minding the Kids? Child Care Arrangements: Fall 1995 (Current Population Reports P70-70)* (Washington, D.C.: U.S. Census Bureau, 2000).

A comparison of state child care subsidy policies in 2000 to policies in 1995 offers the clearest indication that states have not made sufficient progress since the welfare law was passed.[5] In 1995, many states were setting restrictive eligibility criteria, requiring high co-payments from parents, and reimbursing providers at very low rates. In 2000, the picture remained largely the same. While some states had improved their policies, a substantial number of states had failed to move forward at all or had actually taken steps backwards.

## Background History on Federal Child Care Legislation

The current system of child care assistance, which is supported by a combination of federal, state, and local funds, is largely the product of federal legislative developments over the past dozen years. In 1988, the Family Support Act addressed child care assistance as an essential component of a welfare reform agenda. States, for the first time, were required to provide a child care entitlement for families on welfare who were working or enrolled in job training or education programs (JOBS child care), and for families who needed transitional child care assistance for 12 months after leaving welfare (Transitional Child Care or TCC).

Policymakers soon recognized that child care assistance was also essential to help low-income working families remain independent. As a result, two new programs—the Child Care and Development Block Grant (CCDBG) and the At-Risk Child Care Program—were enacted in 1990. These programs provided states with funds to support child care assistance for low-income working families and bolster the quality of child care. However, unlike families receiving or transitioning off welfare, low-income working families were not entitled to child care assistance.

All of these programs were significantly revised in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). PRWORA eliminated the nation's guarantee of cash assistance to families with very low incomes (by eliminating the national welfare program Aid to Families with Dependent Children, or AFDC) and replaced it with a new limited program called Temporary Assistance for Needy Families (TANF). This new program placed great demands on states to move families from welfare to work. In order to avoid financial sanctions, states had to meet work participation targets that grew progressively stricter over time—from a requirement that states move 25 percent of their caseload from welfare to work by FY 1997 to a requirement of 50 percent by FY 2002.

The changes that the Act made to child care programs in some ways paralleled the changes made to the cash assistance program in that assurances of a crucial support for families needing help were eliminated while states were allowed increased flexibility.

---

[3] Ann M. Collins, Jean I. Layzer, J. Lee Kreader, Alan Werner, and Fred B. Glantz, *National Study of Child Care for Low-Income Families: State and Community Substudy Interim Report* (Washington, D.C.: Abt Associates Inc., 2000).

[4] U.S. Department of Health and Human Services, "New Statistics Show Only Small Percentage of Eligible Families Receive Child Care Help" (December 6, 2000). Press release. Retrieved from the Internet at www.acf.dhhs.gov/news/ccstudy2.htm.

[5] The Children's Defense Fund last conducted a comprehensive study of child care subsidy policies in 1995.

The Act ended the entitlement to child care assistance for families receiving welfare and for those transitioning from welfare to work. It also combined various existing child care programs into a new consolidated Child Care and Development Block Grant (also referred to as the Child Care and Development Fund). This gave states the opportunity to design more effective systems for helping families attain or maintain self-sufficiency. States could make it possible for families to receive help without having to face separate programs and policies as they moved from welfare to work and without being treated differently depending on whether they were receiving welfare, had recently received it, or had never received it.

At the same time, the revisions to the child care assistance program included a significant increase in funding—an additional $4 billion for child care over five years. By FY 2000, federal funding for the CCDBG had risen to $3.55 billion, and states were required to provide an additional $1.77 billion in matching and maintenance of effort funds. The new welfare law also allowed states to transfer up to 30 percent of their TANF block grant funds to the CCDBG and to use TANF funds for child care within the TANF block grant. States have taken advantage of this provision, and by FY 2000 the amount of TANF funds states transferred to the CCDBG or spent on child care within the TANF block grant totaled $3.9 billion.[6]

## An Uncertain Future

Despite significant increases in federal and state funding for child care programs over the past several years and expanded flexibility for states to design their policies to meet the needs of families, these programs often fail to fulfill their promise. Too many low-income families remain unable to receive help for a variety of reasons. They may not know help is available or the income cutoff for assistance may be too low for them to qualify. Their state may not have sufficient funds to serve them even when they are eligible, or they may simply not be able to weave their way through a confusing system. Even those families who qualify for assistance often face parent co-payments that are too high or reimbursement rates that are too low to allow them to choose a good quality provider.

The continuing shortcomings of state child care policies are particularly troubling given the extremely favorable conditions for states over the past several years—a strong economy, shrinking welfare rolls, and growing revenues. With prospects for the nation's economy uncertain, families relying on child care assistance now face a double-edged threat. If there is an economic downturn, their budgets will be squeezed even tighter while their need for help with their child care bills will intensify. States will require additional resources to meet this demand and they may be less able to depend on the TANF block grant as one of their major sources of funds for child care. In an economic downturn, states will likely need to use an increasing proportion of their TANF funds for cash assistance, leaving fewer resources available to help families with child care costs just at the point when the need for assistance may be growing.

State child care policies rest on fragile foundations that could be shattered by a weakening economy. Many low-income families maintain an equally precarious balance struggling to meet the demands of work and family. A state's child care policies can determine whether a family is able to sustain this balance and gain a more stable footing or whether this balance will be upended. If a family has access to child care assistance that enables them to afford a high quality, reliable provider, a parent can more easily find and keep a job. On the other hand, a family who loses their child care assistance because of a cumbersome eligibility redetermination process or a small increase in income could find themselves without the child care they need to work.

---

[6] Rachel Schumacher, Mark Greenberg, and Janellen Duffy, *The Impact of TANF Funding on State Child Care Subsidy Programs (Preliminary Report)* (Washington, D.C.: Center for Law and Social Policy, August 2001).

## New Resources Are Critical

Additional federal, state, and local investments are essential not only to address the gaps in child care policies but also to prevent these gaps from widening in the wake of less favorable economic conditions. Without sufficient funding, state policy makers will continue to face unacceptable tradeoffs. Some will set very low income eligibility cutoffs, denying child care help to struggling families. Others will set higher income eligibility limits but place thousands of eligible families on waiting lists with little hope of actually receiving relief from child care costs. Some will make more working families eligible for child care assistance but exclude parents in education or training programs. Others will pay providers higher rates for higher quality care, but maintain base rates, which apply to the vast majority of providers, at sorely inadequate levels.

States may also make tradeoffs by establishing different policies for different groups of families. Under pressure to meet TANF requirements to move families from welfare to work, states may target limited child care funds on TANF families. Although this approach is understandable, it leaves many low-income families who do not receive TANF unable to afford the care they need to work and stay off welfare. Families may also become confused by the differences in policies for different families. In some cases, a disjointed system can actually cause a family to lose their child care subsidies when they move from welfare to work and become subject to a new set of rules.

If children are to succeed in school and parents are to be able to get and keep a job, they must have easy access to supportive and stable child care. Meeting this need will require a significant increase in federal investments in the Child Care and Development Block Grant along with sustained high funding levels for TANF, now a crucial funding source for child care. It will also require increased state, local, and private investments. Only with expanded resources will it be possible for states to apply good policies to *all* families who need help paying for care.

## State Child Care Assistance Policies as of March 2000: Key Findings

While there are some signs of promise in states' efforts to help families afford good child care, low-income families struggling to find and pay for care still face many barriers.

- ***Income Eligibility Criteria:*** The income cutoff is below $25,000 a year for a family of three in two out of five states. This includes seven states where even a family of three earning $20,000 a year would not be eligible for assistance.
- ***Availability of Assistance:*** One-third of the states are not able to serve all eligible families who apply for assistance. These states have waiting lists or freeze intake.
- ***Accessibility of Assistance:*** Even in states that currently serve all eligible families who apply for assistance, there are still many families who qualify for help but are not receiving it. Two-fifths of all states report that most families do not know they could receive assistance. Only four states feel that they could serve all eligible families. A significant increase in resources would be needed to meet the new demand.
- ***Other Limits on Eligibility:*** Most states allow parents to qualify for assistance while searching for a job, going to school, or participating in a training program; but there are often limits on how long they can participate in these activities, requirements that they be working simultaneously, or other restrictions.

- **_Maintaining Eligibility:_** Once families qualify for assistance, they often face obstacles to maintaining their eligibility. Over two-thirds of the states require families to recertify their continued eligibility for help at least every six months. Families moving from welfare to work may have their services disrupted due to communication breakdowns between agencies responsible for child care assistance for families receiving welfare and agencies responsible for assistance for working families.
- **_Parent Fees:_** Two-thirds of the states require families at 150 percent of poverty ($21,225 a year for a family of three) to pay more than 7 percent of their income in fees, or do not even allow a family at this income level to qualify for assistance. This includes 11 states that charge fees equaling more than 10 percent of family income. In two-thirds of states, providers are allowed to charge additional fees beyond the required co-payment.
- **_Reimbursement Rates:_** Nearly half of the states set their provider reimbursement rates at levels below the 75th percentile of the market rate—the rate that gives families access to 75 percent of the providers in their community—or base reimbursement rates on outdated market rate surveys.
- **_Other Reimbursement Policies:_** In addition to low reimbursement rates, a number of other state policies make it difficult for providers to receive adequate reimbursement. Many states limit the number of days for which they will provide reimbursement while a child is absent. In addition, some states pay by the hour, reimbursing providers only for the actual hours the child was in attendance, rather than paying a daily, weekly, or monthly rate for full-time care as is typically required of parents paying out of their own pocket.
- **_Differential Rates:_** A number of states are making efforts to increase the availability of high quality and hard-to-find care by offering incentives in the form of higher reimbursement rates. Twenty-two states offer higher reimbursement rates for higher quality care and 13 states offer higher rates for care during nontraditional hours. Yet these rates are often insufficient to compensate for low base rates.
- **_Payment Processes:_** Only three states pay providers in advance for all families, rather than through reimbursement after the care is provided. Providers generally have to wait two to three weeks after they submit their bill to receive payment and often even longer to work out discrepancies with the state and receive payment in full.
- **_Contracts and Certificates:_** Only about two out of five states use contracts, despite the fact that this payment approach offers providers the benefit of a dependable source of income, which is particularly important for those in low-income neighborhoods struggling to keep their doors open. States primarily pay providers through certificates (or vouchers), which offer less reliability since they are dependent on an individual family choosing and remaining with the provider for their child's care and maintaining their eligibility for child care assistance.
- **_Special Populations:_** Many states provide more generous eligibility standards, fees, and rates for children and families with special circumstances, such as children with disabilities or developmental delays, children in protective services, and teen parents. Yet some states make few if any extra efforts to ensure that these families receive assistance and find the specialized care they need.
- **_Comparison of 1995 and 2000 Policies:_** Many states have either failed to improve their policies since 1995 or have actually implemented more restrictive policies. Over *half* of the states' income limits declined or remained virtually flat as a percentage of state median income. In two out of five states, the co-payment amount for a family of three with one child in care and with an income at the poverty level ($12,320 a year in 1994-1995 and $14,150 a year in 2000-2001) increased as a percentage of income from 1995 to 2000.

## Major State Child Care Assistance Policies

This report examines state policy choices concerning important features of their child care assistance programs. These decisions affect who is able to receive assistance, how easy it is for them to access assistance, how much parents must contribute towards the cost of care, how much providers who serve children receiving assistance are reimbursed, how providers are paid, and how states administer their programs.

### *Eligibility Criteria for Child Care Assistance*

Eligibility criteria determine which families are allowed to receive assistance. To qualify for assistance, families generally must have incomes below a certain designated level, and they must justify their need for child care. Acceptable reasons for needing care may include employment and participation in activities that lead to employment or an improvement in employment status, such as searching for work, attending school, or receiving job training. Many states set restrictive eligibility criteria that deny help to a large proportion of low-income families.

One way in which states limit eligibility is by setting extremely low income cutoffs for working families.

- Only four states allow families with incomes up to the maximum level allowed under federal law (85 percent of state median income) to qualify for assistance.
- In two-fifths of the states, a family of three earning $25,000 a year cannot qualify for help.
- In three states, a family of three earning $18,400 a year (130 percent of poverty) cannot qualify for help.

States also restrict eligibility by limiting the activities that qualify a family for assistance. A number of states only allow parents to receive help while working, but not while searching for work or participating in education or training programs (although these activities are often necessary to get a job, or to move to a new job that could enable a parent to earn enough so that they would not need child care assistance). Even when a family is eligible for help while looking for a job, attending school, or receiving training, states often restrict when and how families participating in these activities can qualify.

Four out of five states continue to provide child care help to low-income families while they search for a new job if they were already receiving assistance when they lost their previous job. However, only 16 states allow low-income families to qualify initially for assistance while searching for a job if they are not already working. This makes it very difficult for these parents to find a job. They are not likely to be able to afford child care so that they can go through job listings, prepare and submit their job applications, and go to job interviews. In addition, it prevents them from making child care arrangements before getting their job. This leaves them to worry that they will not be able to find adequate care once they receive a job offer. It also forces them to scurry to arrange child care and fill out required paperwork for assistance immediately after they have found employment so they can start working as soon as possible.

Forty-six states allow low-income parents to qualify for help while attending college, and 48 states allow parents to qualify while participating in job training. However, states often set limitations that make it difficult for parents in college or training to actually receive this assistance.

- A number of states give low priority to helping parents in education or training programs, so they are unlikely to receive assistance if these states have waiting lists.
- In 10 states, parents must work while attending college to be eligible for assistance—for example, Illinois and South Dakota require parents to work 10 hours a week while going to school, and Pennsylvania requires 25 hours a week of work.

- Twenty-five states limit how long families can receive assistance while in school and 16 limit the amount of time parents can receive help while in training. For example, job training is limited to 12 months in Georgia and Louisiana.[7]

These additional requirements can deny parents the opportunity to receive the education and training that are often critical links to improved job prospects and future earning power.

### *Differences in Eligibility Criteria for TANF and Transitioning Families*

While some states apply the same eligibility policies to all families regardless of whether they are receiving welfare, transitioning from welfare, or not connected with the welfare system, most states have at least some differences among policies for each of the groups. These differences result from a number of factors. For example, in some states, child care policies that require TANF parents to meet stricter work requirements than other parents to qualify for child care assistance flow from broader TANF policies that push families to move towards work. In other states, income eligibility criteria are more generous for families transitioning off welfare in order to make it easier for them to get assistance as they first enter the workforce and try to stabilize their employment and financial situation. States may also have different policies for different families because they simply do not have the resources to serve all families and must make choices about which groups they will focus on serving.

Most states set the same income criteria for low-income families and transitioning families, but there are exceptions:

- Five states allow transitioning families to qualify for assistance without any regard to income for at least a portion of the transitional period.
- Five states allow transitioning families to qualify with higher incomes than allowed for other low-income families.

States also differ as to which families can qualify for assistance while participating in various activities. For example:

- Delaware allows families to qualify for child care assistance while attending college if they are receiving TANF or are transitioning from TANF and had already started their college program while on TANF, but does not provide child care assistance to other low-income families in college.
- In contrast, low-income, non-TANF families in Indiana are eligible for assistance while participating in education and training up to a four-year undergraduate degree, but TANF and transitioning families are limited to 12 months of education and training.

Although states may have legitimate reasons for applying separate policies to separate groups of families, these differences can make it difficult for a parent transitioning from one category to another to understand and comply with these policies. It is particularly challenging for parents since they must simultaneously cope with additional stresses: trying to find or holding down a job, paying the rent and other bills on a limited budget, and locating a safe and supportive child care provider.

### *Eligibility of Families with Special Circumstances*

In addition to serving families receiving TANF, families transitioning off TANF, and low-income families with parents who are working, in training, or in school, states often provide help to other groups of families who may need child care for specific purposes or whose circumstances warrant special consideration. These may include children in protective services, foster families, families in crisis, teen-parent families, families whose children have disabilities or other special needs, and seasonal migrant workers. Many states use different eligibility criteria or have completely separate programs for these families.

---

[7] Louisiana allows assistance for families in job training to be extended to 18 months in special circumstances.

- Over two-thirds of the states have child care programs that give distinct consideration to children with difficult family situations, including children at risk of abuse and neglect, either through a separate program or priority consideration within the general child care program. The large majority of states waive any requirements that a parent be working, in training, or in school if their family is receiving protective services. Instead, their eligibility for help is generally determined by the family's protective services caseworker. This is because the main purpose of the care in these cases is not to enable a parent to work or participate in activities that lead to work, but rather to help a child receive the therapeutic care they may need as a result of being abused or neglected, to allow a parent the opportunity to attend parenting classes or therapy, or to give a parent respite. Two-thirds of the states also make it easier for families receiving protective services to access child care assistance by waiving income eligibility requirements for them in some or all cases.
- Nearly one-third of the states have a separate program to serve teen parents or give them very high priority in the state's general child care program. States typically provide child care assistance to teen parents with the primary goal of encouraging and enabling them to complete high school or obtain their GED.
- Forty-eight states permit children with special needs to remain eligible up to age 18 or 19 (rather than the usual age limit of 13), recognizing that they often continue to need supervision into their teenage years.

## Access to Assistance for Eligible Families

Even if a family is eligible for child care help, they may not necessarily receive it because states do not allocate sufficient resources to serve them. A number of states have waiting lists and turn away many eligible low-income families who apply for assistance. Yet these waiting lists tell only part of the story. They do not include families who do not bother applying for assistance because they know it is futile to expect to get to the top of the waiting list. These lists also fail to include families who do not know that child care assistance programs exist. In addition, few states that currently serve all eligible families who apply make any explicit commitment to continue serving them. Most states, if faced with an increase in demand or new resource constraints, have nothing to prevent them from placing families on waiting lists. In fact, several states that did not have waiting lists at the time the data in this report were collected now have them.

### *Waiting Lists*

While waiting lists do not demonstrate the full extent of the unmet need for child care assistance, they do serve as one clear indicator that many families are denied the help for which they are eligible.

- As of March 2000, one-third of the states (17) had waiting lists or frozen intake because they were unable to serve all eligible families who applied.
- Some of these waiting lists were extremely long; 34,000 children were on the waiting list in Florida, 31,450 children in Texas, 17,500 children in Massachusetts, and 7,300 children in Alabama.

It is important to consider these waiting lists in conjunction with the eligibility criteria described earlier because many of the states with higher income eligibility cutoffs have waiting lists. As a result, families in these states appear to have greater access to assistance but have no greater likelihood of actually receiving it.

14

### *Guarantees and Entitlements*

The families on waiting lists are mainly low-income families not receiving TANF or transitioning from TANF. Most states do not offer these families any assurances that they will receive assistance, even though they may need help paying for child care to keep them from going on welfare as much as TANF families need assistance to leave welfare. Only a few states have acted to ensure that all eligible families who apply will have access to assistance, regardless of whether or not they are receiving welfare. These states are the exception rather than the rule.

- Rhode Island has established a legal entitlement to child care assistance for all eligible families.
- Oregon has provisions in its regulations indicating that working families who are eligible cannot be placed on waiting lists.
- Vermont's budget language requires the agency responsible for the child care subsidy program to seek additional funds from the legislature before capping any services.
- Other states such as Illinois and Wisconsin, while not adopting any formal measures, have publicly stated their commitment to serving all eligible families who apply for assistance and budget sufficient funds to fulfill their promise.

States generally avoid placing TANF families on waiting lists because they do not want the lack of child care to prevent a family from complying with work participation requirements. States increase the probability that TANF families will receive child care help by providing them with a legal entitlement to assistance, guaranteeing that sufficient funds will be available to serve them, or giving them top priority for receiving assistance. Many states take similar steps to prevent families transitioning from welfare from falling onto a waiting list.

### *Families Unaware of Assistance*

While a sizable number of states already have long waiting lists, the waiting lists would be even longer and many additional states would have to turn to them if more families knew they could get help. States reported that many eligible families are not sufficiently informed about child care assistance.

- Two-fifths of the states acknowledged that eligible families are often unaware that they could receive help paying for care. If more families were informed about the availability of child care assistance and applied for it, it is highly unlikely the demand could be met, even in states that currently have no waiting lists.
- Only four states indicated that they could serve all eligible families. Many states responded that they could not meet the need without a significant increase in funds.

### *Meeting the Need as More Families Move from Welfare to Work*

States reported that it will become increasingly difficult to meet the demand for child care assistance as stricter work requirements of the welfare law become effective. States that currently have waiting lists foresee longer waiting lists. Those without waiting lists may have to start them. States predict that they may need to divert more of their funds to serve families trying to move from welfare to work, leaving fewer dollars for low-income families struggling to keep the jobs they already have. California and North Carolina, which currently have long waiting lists for working families, are not even sure whether they will be able to continue to serve all TANF families. Other states commented that meeting the increased demand for child care subsidies might also limit the resources available for ensuring an adequate level of benefits for each family receiving assistance—for example, states would have little room to increase their provider reimbursement rates.

### *Barriers to Maintaining Eligibility for Assistance*

If a family does manage to qualify for and begin receiving child care assistance, the challenges they face hardly end there. Numerous obstacles may prevent a family from retaining eligibility for child care help. When a family loses their assistance, they may be forced to change their child care arrangement. This not only jeopardizes a parent's job but also disrupts their child's relationship with his/her provider.

To maintain eligibility for assistance, families must verify that they continue to meet the income and other criteria for child care assistance on a regular basis. Over two-thirds of the states require families to go through a recertification process at least every six months. In most cases, families must also notify the state immediately following any changes in their job, income, or other circumstances. Requiring frequent recertification whether or not there have been any changes in the family's situation, and immediate notification when there is a change, places a tremendous burden on parents who are struggling to balance the demands of work and family. These parents have little time to fill out forms, gather required documentation, and contact their child care worker.

Ten states make the process particularly difficult for low-income families by requiring in-person recertification in many or all cases, rather than allowing families to recertify by mail or phone. This creates an unreasonable burden for parents just entering the workforce and likely to be employed in low-wage jobs with inflexible schedules. They often cannot take time off from work to visit their local child care agency without jeopardizing their already fragile connection to the workforce.

Families moving from welfare to work can find it especially challenging to hold on to child care assistance. Many states continue to have separate programs and separate program administration for welfare, transitioning, and low-income families. A family may be required to reapply for assistance at a different agency as they transition off welfare, or as their transitional period ends. In the process, confusion and miscommunication can result in them losing their child care assistance. Some states have attempted to address these problems by consolidating their programs for different groups of families, or at least transferring a family automatically from one category to another. For example, Vermont administers its child care assistance program for all families through community child care support agencies, a statewide network of private, nonprofit agencies that also offer resource and referral and often other family and child services.

## *Parent Co-payments*

Families that are fortunate enough to receive assistance may still find child care unaffordable due to burdensome co-payment policies. All states require families receiving assistance to contribute toward the cost of care based on a sliding fee scale. Sliding fee scales should be structured to increase parent fees very gradually as a family's income rises so that they do not lose all of the benefits of a wage increase to higher co-payments. Fees should also be kept down in order give families an opportunity to gain financial stability. Many states fail to meet these goals.

- A number of states charge relatively high fees to families earning half the poverty level ($7,075 a year for a family of three in 2000), even though there is scarcely room in their budgets for the most minimal charge. Thirty-five states require families at this income level to pay a fee. In nine states, a family at this income level with one child in care pays fees above 5 percent of income.

- Forty-six states require families at the poverty line ($14,150 a year for a family of three) to pay a fee.[8] In two-fifths of the states, a family at this income level would be required to pay 5 percent or more of their income in fees. Arkansas' fees are 11 percent of income for a family at the poverty line, and North Dakota's fees are 15 percent of income.
- In two-thirds of the states, a family of three earning just $21,225 a year (150 percent of poverty) with one child in care would be required to pay more than 7 percent of their income in fees or would not even be eligible for help. In comparison, families nationwide at all income levels only pay an average of 7 percent of income for care.[9] Fees are particularly high in some states. In Oregon, a family at this income level would pay 16 percent of income; in Nevada, they would pay 17 percent; and in South Dakota, 19 percent.

### *Co-payments for Additional Children*

In some states, families can face particularly high fees if they have more than one child in care. While the majority of states charge reduced fees or no fees at all for additional children in care, 15 states charge the same per-child fee for each child, regardless of the number of children in care. In these states, families may try to avoid unaffordable co-payments by leaving their school-age children to care for themselves when they are not in school rather than using supervised after-school care that can offer enrichment activities.

### *Co-payments Based on the Cost of Care*

In addition to the *amount* of the fee at each income level, the *design* of the fee scale also has an important impact on children and families. Most states charge fees based on income, with the amount of the fee increasing incrementally as income rises or with the fee calculated as a percentage of income. However, 10 states charge fees based on the cost of care the family uses. This approach is problematic because it gives families an incentive to use lower cost, often lower quality, care in order to minimize their fees.

### *Differences in Co-payments for TANF and Transitioning Families*

A number of states have co-payment policies for TANF and/or transitioning families that differ from those for low-income families. In 17 states, a family with an income at 50 percent of poverty ($7,075 a year for a family of three) would have to pay a fee if they were not receiving TANF, but would be exempt from the fee if they were receiving TANF. Three states exempt all transitioning families from fees for at least a certain period of time.

While such policies can help families struggling to move from welfare to work, they can be unfair to families who are trying just as hard to stay off welfare and having difficulty affording co-payments. If a particular level of income is considered too low for a family to contribute toward the cost of care, it is too low for all families, regardless of whether or not they are receiving welfare.

## ***Provider Reimbursement Rates***

Adequate reimbursement rates are needed to ensure that providers are willing to accept children with subsidies and have enough resources to support quality care. Otherwise, parents will not have a real choice of providers and low-income children will not have access to care that supports their healthy development. Federal regulations require states to set rates that give children receiving subsidies as much access to providers as children who are not receiving subsidies. However, the regulations do not specify a particular level at which rates must be set. The preamble to the regulations only recommends that states set rates no less than the 75th percentile of the current market rate—the rate that allows parents access to 75 percent of their community's providers.[10]

---

[8] A few of these states exempt families up to the poverty line from fees, but were still using the 1999 federal poverty level as of March 2000 and did not adjust their sliding fee scale to the updated poverty level until later in the year. As a result, a family with an income at 100 percent of the 2000 poverty level would not meet the state's income cutoff to qualify for the fee exemption (100 percent of the 1999 poverty level) and would be subject to a co-payment.

[9] Kristin Smith, *Who's Minding the Kids? Child Care Arrangements: Fall 1995 (Current Population Reports P70-70)* (Washington, D.C.: U.S. Census Bureau, 2000).

Nearly half of the states fail to meet the recommended benchmark, setting their rates below the 75th percentile of the market rate or based on outdated market rate surveys. Rates are extremely low in some of these states. For example:

- Connecticut's reimbursement rate is at the 75th percentile of the 1991 market rate.
- Missouri sets its reimbursement rate *below* the 75th percentile of the 1996 market rate. The state's reimbursement rate for a four-year-old in a center is $7.70 a day ($167 a month) lower than the 75th percentile of these outdated rates.

With such low rates, providers may require parents to make up the difference between the state's rate and the provider's—on top of the parent's required fee—or may refuse to serve their children altogether. Over two-thirds of the states allow providers to ask parents to pay the difference between the state's rate and the provider's rate. This may make providers more willing to serve families receiving subsidies despite the low state rates. However, it also places an additional demand on families already stretched to their limits.

States' reimbursement rates are deficient in other ways as well, as they often fail to reflect market realities. For example, providers generally expect private-paying parents to pay in full even if their child is absent for a few days, because the provider still has to operate their program on those days and pay their staff. The provider relies on that expected income and cannot just temporarily fill the slot with another child. While most states reimburse providers for some absent days, all but seven place some limits on the number of absent days per month or per year they will reimburse providers.

### *Differential Rates*

A number of states offer higher reimbursement rates to cover more expensive care, such as special needs or higher quality care, or to give providers an incentive to offer care that is in short supply, such as odd-hour care.

- Forty-one states offer higher rates for at least some providers serving children with special needs.
- Twenty-two states have differential rates for higher quality care. Depending on the state, providers may have to be accredited or meet other standards in order to qualify for the rate.
- Thirteen states use higher rates for care offered during nontraditional times, such as evening, overnight, or weekend hours.

While differential rates are extremely important for encouraging providers to offer the high quality care that is essential for children's successful development and the specialized care that many children and families need, they are no substitute for adequate base rates. In many states, the differential is relatively small and not enough to compensate for low state reimbursement rates. As a result, total rates, even with the differential, fall below market rates. For example, New Jersey's reimbursement rate for accredited center-based care for a four-year-old is $504 a month, which is higher than the standard rate for non-accredited care ($480 a month), but still lower than the 75th percentile of 1997 rates ($585 a month). Only the combined strategies of sufficient base rates and significant differential rates can produce an effective reimbursement rate structure.

---

[10] The regulations also require states to conduct a market rate survey every other year, but states are not obligated to implement rate adjustments based on the new data.

### Payment Approaches

Certificates (or vouchers) are the primary method by which states pay providers. These are payments made to or on behalf of an individual child or family. Parents are allowed to use the certificate to purchase the care of their choice, whether it is provided by a child care center, family child care home, relative, or neighbor. Through the certificate approach, providers are generally paid on a reimbursement basis after they have provided care—only three states pay in advance. Paying on a reimbursement basis can present a challenge for providers, who must cover the cost of care upfront. Providers often experience delays in receiving reimbursement, which strains their budgets even further and discourages them from offering care to children with subsidies.

Contracts are the second method states use to pay providers. A contract is generally an agreement that the state will obligate funds to a particular provider to serve a certain number of eligible children over a specified period of time. By designating slots, contracts offer providers a stable, predictable source of income. Despite the advantages of contracts, they are only available in 20 states, and these states generally use them on a very limited basis. For example, in Illinois, contracts account for less than 15 percent of the care, and there has not been an expansion in three years.

A third payment option that some states offer to parents is the child care disregard. The disregard allows parents to discount part of their earnings when determining their eligibility for TANF and the amount of their cash assistance grant. The amount disregarded depends on the family's spending on child care, up to a certain limit. This approach has serious drawbacks. Due to the numerous calculations involved in determining the family's cash assistance amount, the actual increase in benefits is considerably smaller than the disregard amount. In addition, while the disregard can allow a family to remain eligible for TANF for a longer period of time than they would be if their income was counted in full, this is not very helpful given that they are still subject to the strict time limits for TANF. Only 16 states offer the disregard, and most of these states have few families opting to use it.

### Types of Care Used by Families Receiving Assistance

Patterns in the types of care used by families receiving child care assistance vary significantly from state to state. These variations may stem from differences in policies, circumstances, traditions, and other characteristics specific to each state. For example, a state may have a large proportion of its families in center care because the state emphasizes this type of care through contracts and other policy tools. Meanwhile, another state may have a significant proportion of its families using informal care because it is dominated by rural areas where the population is not dense enough to support centers.[11]

- Center care is the most frequently used type of care in 29 states, including 23 states where it accounts for over half of the care used.
- In eight states, family child care is used most often.
- Relative care accounts for only a small percentage of care in many states, but in 11 states at least 20 percent of the care used by families receiving assistance is provided by relatives.
- Most states report that only a very minimal percentage of families use care provided in the child's own home, although there are exceptions.

Since passage of the welfare law in 1996, the types of care used by families receiving assistance have not changed in consistent ways across states. In some states, the use of informal care has increased because it offers the flexibility to respond to the particular needs of low-income families. For example, many parents, pressured to leave welfare and start working, needed to make arrangements for their children as quickly as possible. Informal care was the only option on short notice. Informal care may also be the only alternative for families who work nontraditional hours, such as evenings, nights, or weekends, when formal care may not be available. In other states, the use of formal care, including licensed centers and family child care homes, has actually risen as states have taken deliberate steps to increase the supply of this care to meet the expected growth in demand. As stricter welfare work requirements become effective, these and other expanded efforts to invest in the supply of child care will become even more essential to meeting further increases in demand.

---

[11] Several states were unable to provide data on the types of care used by families receiving subsidies.

### Administration

In most cases, policies are set at the state level and implemented at the local level. The local entity carrying out the program—determining eligibility, making payments to providers, and handling other responsibilities—is typically a public agency, such as the county department of social services, that is the local counterpart of the state agency supervising the program. However, a number of states use private, nonprofit organizations such as child care resource and referral agencies (CCR&Rs) to implement the program. Giving administrative responsibility to CCR&Rs can benefit families because it allows them to obtain information about both finding care and getting help to pay for it at the same location. CCR&Rs are also available to all families, not just welfare or low-income families, so parents may feel more comfortable going to the agency for help.

Three states—Colorado, New York, and Texas—have locally supervised and locally administered child care subsidy programs, where policy decisions are primarily made at the local level. These states still set some parameters for localities in determining their policies, and generally retain some oversight responsibility at the state level. However, localities are given great discretion in deciding about most or all aspects of their child care subsidy policies. This allows communities to assess the needs of their children and families and tailor policies to those needs. Yet, it can result in inequities unless states set certain standards for eligibility, parent fees, and payment rates to ensure that all families, regardless of where they live, have access to at least a basic level of services. For example, in Texas, localities have the flexibility to set their own income eligibility limits. While some have taken advantage of the opportunity to set their cutoffs at 85 percent of state median income, the maximum allowed under federal law, half set their cutoffs at 55 percent of state median income ($22,179 per year for a family of three) or lower.

### Coordination of Child Care, Head Start, and Prekindergarten Policies

States are beginning to make some efforts to coordinate their child care assistance programs with other early childhood programs such as Head Start and prekindergarten in order to help families who use multiple programs. Many parents working full time want their children to benefit from a comprehensive Head Start or prekindergarten program, but these programs often operate on part-day schedules. As a result, parents must rely on child care for the remaining hours of their workday. By aligning their child care policies with Head Start and prekindergarten policies, states can make it easier for families to combine programs to meet their needs and help to ensure that children are in stable, secure environments.

- Eight states allow children in some or all Head Start or prekindergarten programs to remain eligible for the full Head Start or prekindergarten year without having to recertify. This enables children to remain in one stable setting regardless of fluctuations in their family situation.
- Fifteen states help Head Start and prekindergarten programs provide full-day care by allowing at least some programs to receive a full-day rate for wrap-around care or through other reimbursement policies.

A few states have contracts targeted specifically to Head Start programs to make it easier for Head Start to meet the needs of working families. For example:

- Vermont has some contracts with Head Start programs for full-day, full-year services.
- Ohio contracts with Head Start for wrap-around care on a slot basis. In contrast to certificates, which only provide reimbursement for a limited number of absent days, these slots allow programs to have an average vacancy rate of up to 25 percent (as a result of absences or temporarily unfilled slots) and still receive full reimbursement.
- Iowa makes grants available to Head Start providers for wrap-around child care. These grants allow programs to receive full-year funding at the beginning of the grant period, rather than having to wait for reimbursement after providing care.

## Policy Changes Over Time: Insufficient Progress

A comparison between state child care assistance policies in 2000 and policies in 1995, before the new welfare law was enacted, shows that while there has been progress, many states have failed to improve their policies or have actually implemented more restrictive policies in certain areas.[12] A number of states have made it more difficult for families to qualify for care or have reduced the amount of help to families who do qualify.

### *Changes in Income Eligibility Criteria*

A number of states have made their income eligibility criteria more generous over time; but in many states, income eligibility criteria are stricter than in 1995:

- Most state income eligibility cutoffs for child care assistance have increased over the past five years, when considered as a straight dollar amount (unadjusted for inflation). Yet, eight states have actually *decreased* their income cutoffs (Idaho, Illinois,[13] Indiana, Montana, Pennsylvania, South Carolina, Virginia, and Wisconsin). These decreases are particularly troubling since they are in absolute dollars, before accounting for increases in the cost of living.
- When considered as a percentage of the federal poverty line (which is adjusted each year), income cutoffs have declined in nearly two out of five states. This includes 10 states where the income cutoff as a percentage of the federal poverty level decreased by at least 25 percentage points.[14]
- Over *half* of the states' income limits declined as a percentage of state median income (also adjusted each year) or remained virtually flat. This includes nine states where the income cutoff as a percentage of state median income decreased by at least 15 percentage points.

---

[12] The District of Columbia's child care assistance policies, while addressed throughout the remainder of the report, are not included in the analysis in this section. This is because data are only available for the District's policies in 2000 and not its policies in 1995.

[13] Although Illinois lowered its income eligibility cutoff between 1995 and 2000, it also eliminated waiting lists so that all families who are eligible can receive help and increased the total number of children served. In addition, when the income cutoff was lowered, families who met the previous income guidelines but exceeded the new guidelines were allowed to remain eligible for a certain period of time.

[14] In a few states, the decline was much smaller and may have resulted from the state not adjusting its cutoffs for the updated 2000 federal poverty level as of March 2000. However, this still means that these state income cutoffs remained nearly flat as a percentage of the federal poverty level.

# Income Eligibility Cutoffs to Qualify for Child Care Assistance: Comparison of 1995 and 2000 Policies

| | Income eligibility cutoff for a family of three (a single mother with two children), as an annual dollar amount | | | Income eligibility cutoff for a family of three (a single mother with two children), as a percent of the federal poverty level | | | Income eligibility cutoff for a family of three (a single mother with two children), as a percent of state median income | | |
|---|---|---|---|---|---|---|---|---|---|
| State | January 1995 | March 2000 | Change (1995 to 2000) | January 1995 (as percent of 1994 federal poverty level) | March 2000 (as percent of 2000 federal poverty level)* | Percentage point change (1995 to 2000) | January 1995 (as percent of 1994 state median income) | March 2000 (as percent of 2000 state median income)* | Percentage point change (1995 to 2000) |
| Alabama | $14,484 | $18,048 | $3,564 | 118% | 128% | 10% | 46% | 45% | -1% |
| Alaska** | $23,700 | $44,328 | $20,628 | 192% | 313% | 121% | 57% | 92% | 35% |
| Arizona* | $17,544 | $22,908 | $5,364 | 142% | 162% | 20% | 53% | 58% | 5% |
| Arkansas | $17,421 | $19,601 | $2,180 | 141% | 139% | -3% | 60% | 60% | 0% |
| California | $25,788 | $33,852 | $8,064 | 209% | 239% | 30% | 66% | 73% | 7% |
| Colorado*** | $17,820 | $18,044 to $25,668 | $224 to $7,848 | 145% | 128% to 181% | -17% to 37% | 49% | 36% to 52% | -13% to 3% |
| Connecticut | $34,680 | $45,805 | $11,125 | 281% | 324% | 42% | 76% | 75% | -1% |
| Delaware | $19,096 | $27,768 | $8,672 | 155% | 196% | 41% | 47% | 52% | 5% |
| Florida | $18,479 | $20,820 | $2,341 | 150% | 147% | -3% | 54% | 50% | -5% |
| Georgia | $19,999 | $24,278 | $4,279 | 162% | 172% | 9% | 58% | 56% | -2% |
| Hawaii** | $44,292 | $46,035 | $1,743 | 359% | 325% | -34% | 107% | 94% | -13% |
| Idaho | $22,188 | $20,472 | -$1,716 | 180% | 145% | -35% | 72% | 53% | -19% |
| Illinois | $26,230 | $24,243 | -$1,987 | 213% | 171% | -42% | 68% | 50% | -18% |
| Indiana* | $23,916 | $19,848 | -$4,068 | 194% | 140% | -54% | 68% | 44% | -24% |
| Iowa* | $12,324 | $19,432 | $7,108 | 100% | 137% | 37% | 37% | 45% | 8% |
| Kansas* | $22,812 | $25,680 | $2,868 | 185% | 181% | -4% | 67% | 58% | -9% |
| Kentucky* | $18,272 | $22,208 | $3,936 | 148% | 157% | 9% | 60% | 57% | -3% |
| Louisiana | $18,816 | $29,040 | $10,224 | 153% | 205% | 53% | 62% | 75% | 13% |
| Maine | $25,358 | $34,303 | $8,945 | 206% | 242% | 37% | 75% | 85% | 10% |
| Maryland | $18,409 | $22,463 | $4,054 | 149% | 159% | 9% | 43% | 40% | -3% |
| Massachusetts | $23,172 | $27,312 | $4,140 | 188% | 193% | 5% | 54% | 50% | -4% |
| Michigan | $26,064 | $26,064 | $0 | 211% | 184% | -27% | 70% | 54% | -16% |
| Minnesota* | $29,309 | $38,169 | $8,860 | 238% | 270% | 32% | 78% | 75% | -3% |
| Mississippi* | $17,999 | $27,999 | $10,000 | 146% | 198% | 52% | 63% | 79% | 16% |
| Missouri | $17,784 | $17,784 | $0 | 144% | 126% | -19% | 53% | 41% | -12% |
| Montana* | $21,348 | $20,820 | -$528 | 173% | 147% | -26% | 70% | 57% | -14% |
| Nebraska | $13,080 | $25,260 | $12,180 | 106% | 179% | 72% | 39% | 56% | 17% |
| Nevada | $29,064 | $33,576 | $4,512 | 236% | 237% | 1% | 82% | 75% | -7% |
| New Hampshire | $23,412 | $26,376 | $2,964 | 190% | 186% | -4% | 58% | 52% | -6% |
| New Jersey | $26,206 | $28,300 | $2,094 | 213% | 200% | -13% | 57% | 50% | -7% |

Continued next page

# Income Eligibility Cutoffs to Qualify for Child Care Assistance: Comparison of 1995 and 2000 Policies (continued)

| | Income eligibility cutoff for a family of three (a single mother with two children), as an annual dollar amount | | | Income eligibility cutoff for a family of three (a single mother with two children), as a percent of the federal poverty level | | | Income eligibility cutoff for a family of three (a single mother with two children), as a percent of state median income | | |
|---|---|---|---|---|---|---|---|---|---|
| **State** | **January 1995** | **March 2000** | **Change (1995 to 2000)** | **January 1995 (as percent of 1994 federal poverty level)** | **March 2000 (as percent of 2000 federal poverty level)*** | **Percentage point change (1995 to 2000)** | **January 1995 (as percent of 1994 state median income)** | **March 2000 (as percent of 2000 state median income)*** | **Percentage point change (1995 to 2000)** |
| New Mexico | $19,836 | $28,300 | $8,464 | 161% | 200% | 39% | 68% | 84% | 16% |
| New York | $25,536 | $28,644 | $3,108 | 207% | 202% | -5% | 65% | 61% | -4% |
| North Carolina | $14,184 | $32,628 | $18,444 | 115% | 231% | 115% | 42% | 75% | 33% |
| North Dakota | $16,548 | $29,340 | $12,792 | 134% | 207% | 73% | 53% | 74% | 21% |
| Ohio* | $15,816 | $25,680 | $9,864 | 128% | 181% | 53% | 45% | 55% | 10% |
| Oklahoma | $19,080 | $29,040 | $9,960 | 155% | 205% | 50% | 63% | 78% | 15% |
| Oregon | $24,948 | $25,680 | $732 | 202% | 181% | -21% | 74% | 56% | -17% |
| Pennsylvania | $28,951 | $28,300 | -$651 | 235% | 200% | -35% | 80% | 61% | -19% |
| Rhode Island* | $21,405 | $31,230 | $9,825 | 174% | 221% | 47% | 55% | 60% | 5% |
| South Carolina* | $25,675 | $17,350 | -$8,325 | 208% | 123% | -86% | 78% | 42% | -37% |
| South Dakota | $18,468 | $22,113 | $3,645 | 150% | 156% | 6% | 60% | 56% | -4% |
| Tennessee | $17,580 | $24,324 | $6,744 | 143% | 172% | 29% | 54% | 60% | 6% |
| Texas*** | $18,480 | $21,225 to $34,272 | $2,745 to $15,792 | 150% | 150% to 242% | 0% to 92% | 56% | 53% to 85% | -3% to 29% |
| Utah | $12,324 | $23,928 | $11,604 | 100% | 169% | 69% | 37% | 56% | 19% |
| Vermont | $22,032 | $31,032 | $9,000 | 179% | 219% | 41% | 63% | 71% | 9% |
| Virginia**** | $28,032 | $21,228, $22,632, or $26,172, | -$6,804 -$5,400, or -$1,860 | 227% | 150%, 160%, or 185% | -77%, -67%, or -42% | 75% | 44%, 47%, or 55% | -31%, -28%, or -20% |
| Washington* | $20,436 | $31,236 | $10,800 | 166% | 221% | 55% | 55% | 65% | 9% |
| West Virginia | $14,988 | $20,820 | $5,832 | 122% | 147% | 26% | 51% | 57% | 6% |
| Wisconsin* | $27,996 | $25,680 | -$2,316 | 227% | 181% | -46% | 78% | 53% | -25% |
| Wyoming | $17,844 | $18,828 | $984 | 145% | 133% | -12% | 53% | 46% | -7% |

Table shows the maximum income a family could have when initially qualifying for assistance. Some states allow a family already receiving assistance to continue receiving it up to a higher income level.

Income cutoffs shown in the table take into account deductions that some states use in calculating family income and, in effect, allow families to earn higher incomes than the published income cutoff and still meet eligibility guidelines.

Percentage point changes in income cutoffs as a percentage of the federal poverty level and state median income from 1995 to 2000 were calculated from raw data. As a result, these data may differ from changes calculated using the rounded income cutoff figures shown in the table.

Data on income cutoffs for January 1995 were compared to the 1994 federal poverty level because the 1995 federal poverty guidelines were not released until February. For consistency, the 1995 income cutoffs were also compared to the state median income cutoffs from 1994.

Continued next page

*States were asked to report their income eligibility cutoff for 2000 as a dollar amount. Those dollar figures were calculated by CDF as a percentage of the 2000 federal poverty level (an annual income of $14,150 for a family of three) and the 2000 state median income. This allowed for comparability across states. However, note that the percentages in this table may differ from those used by states in their own materials because they may have still been using the 1999 federal poverty level or 1999 state median income as a reference point for their March 2000 income cutoff. Also note that a number of states that set their income cutoffs as a percentage of the federal poverty level or state median income adjusted their income cutoffs based on updated guidelines after March 15, 2000; our data do not reflect such changes. States that reported having annual adjustments that fell later in the year include Arizona, Indiana, Iowa, Kansas, Kentucky, Mississippi, Montana, Ohio, Rhode Island, South Carolina, Washington, and Wisconsin. This situation may occur in other states as well. (Minnesota is one state in which the timing of the adjustment had the opposite effect; as of January 1995, it had already updated its income cutoff to reflect the 1995 state median income. Thus, while the state's income cutoff was at 75 percent of the 1995 state median income, it was at 78 percent of the 1994 state median income used as the benchmark for this chart.)

**The income cutoffs for Alaska and Hawaii were calculated as a percentage of the federal poverty level that applies to the 48 contiguous states for purposes of comparison in this chart, but the federal government uses separate, higher poverty levels for each state because they have significantly higher costs of living. In 2000, the poverty line for a family of three was $17,690 for Alaska and $16,270 for Hawaii. Compared to these guidelines, Alaska's cutoff was 251 percent of poverty and Hawaii's cutoff was 283 percent of poverty in 2000. Also note that the income cutoffs in Alaska and Hawaii are higher than 85 percent of state median income. In Alaska, there is substantial variation in the cost of living across the state, with some areas having particularly high costs. To help account for this, the state uses the latest available projections for state median income as soon as they are available, rather than using the 2000 state median income as a reference point for its cutoff. In Hawaii, the published income cutoff is at 85 percent of state median income; but the state uses adjusted income to determine eligibility, so a family's gross income could actually exceed this published cutoff.

***In Colorado and Texas, income eligibility cutoffs were determined at the local level, within state parameters, in 2000.

****Virginia used different income cutoffs for each of three different regions, reflecting variations in cost of living, in 2000.

---

## *Changes in Co-payments*

An analysis of co-payments in 1995 and 2000 yields a mixed picture—some states reduced co-payments, some kept them at relatively the same level, and some increased them. Three out of five states (32) raised the co-payment amount for a family of three with one child in care and with an income at the poverty level ($12,320 a year in 1995 and $14,150 a year in 2000) from 1995 to 2000. Co-payments rose significantly in several states.

- In Wisconsin, a family at the poverty line had no fee in 1995 but a $74-a-month fee in 2000.
- Indiana and Iowa, neither of which had fees for a family at this income level in 1995, set their fees at $22 a month in 2000.
- In Illinois, fees rose from $1 a month to $65 a month for a family at the poverty line.

In two out of five states, the co-payment amount also rose as a percentage of income. This includes nine states where the percentage rose by at least 3 points.

## Child Care Co-payments for a Family of Three at the Poverty Line: Comparison of 1995 and 2000 Policies

| State | Monthly fee for a family of three at 100 percent of poverty and one child in care* | | | Monthly fee as a percent of income | | |
|---|---|---|---|---|---|---|
| | January 1995 | March 2000 | Change (1995 to 2000) | January 1995 | March 2000 | Change (1995 to 2000) |
| Alabama | $43 | $65 | $22 | 4% | 6% | 1% |
| Alaska | $14 | $14 | $0 | 1% | 1% | 0% |
| Arizona* | $242 | $66 | -$176 | 24% | 6% | -18% |
| Arkansas | $71 | $133 | $62 | 7% | 11% | 4% |
| California | $0 | $0 | $0 | 0% | 0% | 0% |
| Colorado | $109 | $96 | -$13 | 11% | 8% | -2% |
| Connecticut | $41 | $47 | $6 | 4% | 4% | 0% |
| Delaware | $45 | $78 | $33 | 4% | 7% | 3% |
| Florida | $64 | $69 | $5 | 6% | 6% | 0% |
| Georgia | $91 | $56 | -$35 | 9% | 5% | -4% |
| Hawaii | $0 | $0 | $0 | 0% | 0% | 0% |
| Idaho | $232 | $65 | -$167 | 23% | 6% | -17% |
| Illinois | $1 | $65 | $64 | <1% | 6% | 5% |
| Indiana | $0 | $22 | $22 | 0% | 2% | 2% |
| Iowa | $0 | $22 | $22 | 0% | 2% | 2% |
| Kansas* | $24 | $58 | $34 | 2% | 5% | 3% |
| Kentucky | $49 | $87 | $38 | 5% | 7% | 3% |
| Louisiana | $22 | $49 | $27 | 2% | 4% | 2% |
| Maine | $62 | $71 | $9 | 6% | 6% | 0% |
| Maryland | $45 | $90 | $45 | 4% | 8% | 3% |
| Massachusetts | $78 | $78 | $0 | 8% | 7% | -1% |
| Michigan | $23 | $24 | $1 | 2% | 2% | 0% |
| Minnesota | $0 | $5 | $5 | 0% | <1% | 0% |
| Mississippi | $25 | $47 | $22 | 2% | 4% | 2% |
| Missouri | $22 | $43 | $21 | 2% | 4% | 2% |
| Montana* | $21 | $47 | $26 | 2% | 4% | 2% |
| Nebraska | $157 | $18 | -$139 | 15% | 2% | -14% |
| Nevada* | N/A | $108 | N/A | N/A | 9% | N/A |
| New Hampshire | $1 | $1 | $0 | <1% | <1% | 0% |
| New Jersey | $67 | $71 | $4 | 7% | 6% | -1% |
| New Mexico | $25 | $48 | $23 | 2% | 4% | 2% |
| New York | $4 | $4 | $0 | <1% | <1% | 0% |
| North Carolina | $65 | $106 | $41 | 6% | 9% | 3% |
| North Dakota | $186 | $180 | -$6 | 18% | 15% | -3% |
| Ohio | $27 | $28 | $1 | 3% | 2% | 0% |
| Oklahoma | $76 | $44 | -$32 | 7% | 4% | -4% |
| Oregon | $81 | $82 | $1 | 8% | 7% | -1% |
| Pennsylvania | $22 | $65 | $43 | 2% | 6% | 3% |
| Rhode Island | $22 | $0 | -$22 | 2% | 0% | -2% |
| South Carolina | $22 | $30 | $8 | 2% | 3% | 0.4% |

Continued next page

## Child Care Co-payments for a Family of Three at the Poverty Line: Comparison of 1995 and 2000 Policies (continued)

| | Monthly fee for a family of three at 100 percent of poverty and one child in care* | | | Monthly fee as a percent of income | | |
|---|---|---|---|---|---|---|
| **State** | **January 1995** | **March 2000** | **Change (1995 to 2000)** | **January 1995** | **March 2000** | **Change (1995 to 2000)** |
| South Dakota | $29 | $0 | -$29 | 3% | 0% | -3% |
| Tennessee | $22 | $39 | $17 | 2% | 3% | 1% |
| Texas | $92 | $106 | $14 | 9% | 9% | 0% |
| Utah | $32 | $36 | $4 | 3% | 3% | 0% |
| Vermont | $18 | $0 | -$18 | 2% | 0% | -2% |
| Virginia | $103 | $118 | $15 | 10% | 10% | 0% |
| Washington | $1 | $20 | $19 | <1% | 2% | 2% |
| West Virginia | $33 | $49 | $16 | 3% | 4% | 1% |
| Wisconsin | $0 | $74 | $74 | 0% | 6% | 6% |
| Wyoming | $108 | $11 | -$97 | 11% | 1% | -10% |

Monthly fees were calculated from hourly, daily, and weekly fees assuming child care was provided 9 hours a day, 5 days a week, 4.33 weeks a month.

For states basing their parent co-payments on the cost of care, the co-payments in this table were calculated assuming that the family had a four-year-old in a licensed, non-accredited center charging a rate equal to the maximum state rate.

Changes in the fee as a percentage of income were calculated using raw percentages rather than the rounded figures shown in the chart.

The federal poverty level was $12,320 a year ($1,027 a month) in January 1995 and $14,150 a year ($1,179 a month) in March 2000.

*For comparability of data, all states were asked to report the co-payment for a family of three with an income at a certain dollar amount—$1,179 a month ($14,150 a year) in 2000, or 100 percent of the 2000 federal poverty line. Some states that used the federal poverty level as a guideline for their sliding fee scales adjusted their fee scales for the 2000 poverty level after March 15, 2000. These adjustments would not be reflected in the above data. In some cases, this may have had a large impact on the co-payments that applied as of March. For example, a state may charge minimal fees to families at or below the poverty line, but much higher fees to families just above the poverty line. If the state had not adjusted its sliding fee scale and was still using the 1999 federal poverty level, a family with an income at the 2000 poverty level of $14,150 a year would actually fall above the poverty line used by the state and as a result would be subject to the higher fees. A family at that income level would have had their co-payment adjusted downward after the state updated its fee scales. This issue affected several states, including Arizona, Kansas, Montana, and Nevada, and may have had an impact on other states as well.

### *Changes in Reimbursement Rates*

Many states have updated their reimbursement rates since 1995, but not always enough to keep pace with rising market rates. As a result, the proportion of states paying rates that reflect the current cost of care has not moved much since 1995. In 1995, about half of the states for which we have data set their rates at the 75th percentile of an up-to-date market rate (from at least 1993). In 2000, rates were still set at the 75th percentile of the current market rate (from at least 1998) in only a little more than half of the states. Note that the states that set adequate rates in 1995 were not all the same as the states that set adequate rates in 2000, indicating that while some states improved their rates, other states lost ground.

## Maximum Reimbursement Rates for a Four-Year-Old in a Licensed, Non-Accredited Center: Comparison of 1995 and 2000 Policies

| | 1995 State Reimbursement Rates | | 2000 State Reimbursement Rates | |
|---|---|---|---|---|
| **State** | **Did the state set its maximum reimbursement rate at least at the 75th percentile of the current market rate?** | **Relationship of state's maximum reimbursement rate to the 75th percentile of the market rate** | **Does the state set its maximum reimbursement rate at least at the 75th percentile of the current market rate?** | **Relationship of state's maximum reimbursement rate to the 75th percentile of the market rate** |
| Alabama | Yes | 75th percentile of 1993 rates | Yes | 75th percentile of 1999 rates |
| Alaska | Yes | 75th percentile of 1994 rates | Yes | 75th percentile of 1998 rates |
| Arizona | No | 75th percentile of 1990 rates | No | 75th percentile of 1996 rates ($113 per month below the 75th percentile of 1998 rates) |
| Arkansas | Yes | 75th percentile of 1994 rates | Yes | 75th percentile of 1998 rates |
| California | Yes | 1.5 standard deviations above the mean local market rate for CCDBG and the 75th percentile for At-Risk child care | Yes | 1.5 standard deviations above the mean of 1999 market rates for the region |
| Colorado | Varied by county | State implemented a statewide limit but allowed the use of the 75th percentile to set rates in counties with rates above the statewide limit at the time of implementation | Varies by county (at least some counties set rates below the 75th percentile of the current market rate) | Varies by county |
| Connecticut* | No | 75th percentile of 1991 rates | No | 75th percentile of 1991 rates |
| Delaware | No | Statewide limit set below the 75th percentile of the market rate (did not indicate year of rates) | No | $124 per month below the 75th percentile of 1998 rates |
| Florida | Yes | 75th percentile of 1994 rates | Yes | 75th percentile of 1999 rates |
| Georgia | Cannot be determined from data available | Statewide limit set at a rate equal to the 75th percentile of the market rate (did not indicate year of rates) | No | $126 per month below the 75th percentile of 1998 rates |
| Hawaii | No | 75th percentile of 1992 rates | No | $41 per month below the 75th percentile of 1999 rates |
| Idaho | Yes | 75th percentile of 1993 rates | Yes | 75th percentile of 1998 rates |
| Illinois | Cannot be determined from data available | Rate set using a combination of market rate survey data and audited costs of existing subsidized programs | No | $109 per month below the 75th percentile of 1998 rates |
| Indiana | Yes | 75th percentile of 1994 rates | Yes | 75th percentile of 1998 rates |
| Iowa | No | 75th percentile of 1991 rates | Yes | 75th percentile of 1998 rates |

Continued next page

## Maximum Reimbursement Rates for a Four-Year-Old in a Licensed, Non-Accredited Center: Comparison of 1995 and 2000 Policies (continued)

| | 1995 State Reimbursement Rates | | 2000 State Reimbursement Rates | |
|---|---|---|---|---|
| State | Did the state set its maximum reimbursement rate at least at the 75th percentile of the current market rate? | Relationship of state's maximum reimbursement rate to the 75th percentile of the market rate | Does the state set its maximum reimbursement rate at least at the 75th percentile of the current market rate? | Relationship of state's maximum reimbursement rate to the 75th percentile of the market rate |
| Kansas | No | 65th percentile of 1993 rates for children over 18 months; 60th percentile for children under 18 months | No | 65th percentile of 1998 rates for children over 18 months of age (the 65th percentile is $29 per month below the 75th percentile of 1998 rates); 70th percentile for children under 18 months of age |
| Kentucky | No | 75th percentile of 1992 rates | Yes | 75th percentile of 1998 rates |
| Louisiana | No | 75th percentile of 1991 rates | Yes | 75th percentile of 1999 infant care rates (the infant care rate exceeds the 75th percentile of rates for four-year-olds by $22 per month) |
| Maine | Yes | 75th percentile of 1994 rates | Yes | 75th percentile of 2000 rates |
| Maryland | No | Statewide limit set below the 75th percentile of the market rate (did not indicate year of rates) | Yes | 75th percentile of 1999 rates (weighted average by region) |
| Massachusetts | No | Negotiated rates lower than the 75th percentile of 1990 rates | No | $172 per month below the 75th percentile of 2000 rates |
| Michigan | Yes | 75th percentile of 1993 rates | No | $58 per month below the 75th percentile of 1999 rates |
| Minnesota | Yes | 75th percentile of 1994 rates | Yes | 75th percentile of 1999 rates |
| Mississippi | Yes | 75th percentile of 1994 rates | Yes | 75th percentile of 1999 rates |
| Missouri | No | 75th percentile of 1990 rates | No | $167 per month below the 75th percentile of 1996 rates |
| Montana | Yes | 75th percentile of 1994 rates | Yes | 75th percentile of 1998 rates |
| Nebraska | No | 75th percentile of 1991 rates | No | 75th percentile of 1997 rates |
| Nevada | Cannot be determined from data available | 75th percentile of the market rate (did not indicate year of rates) | Yes | 75th percentile of 1998 rates |

Continued next page

## Maximum Reimbursement Rates for a Four-Year-Old in a Licensed, Non-Accredited Center: Comparison of 1995 and 2000 Policies (continued)

| | 1995 State Reimbursement Rates | | 2000 State Reimbursement Rates | |
|---|---|---|---|---|
| State | Did the state set its maximum reimbursement rate at least at the 75th percentile of the current market rate? | Relationship of state's maximum reimbursement rate to the 75th percentile of the market rate | Does the state set its maximum reimbursement rate at least at the 75th percentile of the current market rate? | Relationship of state's maximum reimbursement rate to the 75th percentile of the market rate |
| New Hampshire** | Cannot be determined from data available | Approximately at the 75th percentile of the market rate (did not indicate year of rates) | No | $44 per month below the 75th percentile of 1994 rates for non-contracted care; equal to the 75th percentile of 1994 rates for contracted care |
| New Jersey | No | Statewide limit set below the 75th percentile of 1992 rates | No | $105 per month below the 75th percentile of 1997 rates |
| New Mexico*** | No | 75th percentile of 1991 rates | No | Mean of 1999 rates (equal to $91 per month below the 75th percentile of 1999 rates) (Level 1 centers) |
| New York | Yes | 75th percentile of 1995 rates | Yes | 75th percentile of 1999 rates |
| North Carolina*** | Yes | 75th percentile of 1994 rates used for category B providers, and higher rates allowed for category A providers | No | 75th percentile of 1997 rates (one-star centers) |
| North Dakota | No | 75th percentile of 1991 rates | Yes | 75th percentile of 1999 rates |
| Ohio | Cannot be determined from data available | 75th percentile of the market rate (did not indicate year of rates) | Yes | 75th percentile of 1998 rates |
| Oklahoma*** | No | Statewide limit set below the 75th percentile of 1994 rates | No | $143 per month below the 75th percentile of 1999 rates (one-star centers) |
| Oregon | No | 75th percentile of 1990 rates | No | $67 per month below the 75th percentile of 1999 rates |
| Pennsylvania | Yes | 75th percentile of 1994 rates | Yes | 75th percentile of 1998 rates |
| Rhode Island | No | Statewide limit set below the 75th percentile of the market rate (did not indicate year of rates) | Yes | 75th percentile of 1998 rates |
| South Carolina*** | Yes | 75th percentile of 1993 rates, at a minimum | Yes | 75th percentile of 1998 rates |
| South Dakota | Yes | 75th percentile of 1994 rates | Yes | 75th percentile of 1999 rates |
| Tennessee | No | 75th percentile of 1992 rates | No | $13 per month below the 75th percentile of 1998 rates |

Continued next page

## Maximum Reimbursement Rates for a Four-Year-Old in a Licensed, Non-Accredited Center: Comparison of 1995 and 2000 Policies (continued)

| | 1995 State Reimbursement Rates | | 2000 State Reimbursement Rates | |
|---|---|---|---|---|
| State | Did the state set its maximum reimbursement rate at least at the 75th percentile of the current market rate? | Relationship of state's maximum reimbursement rate to the 75th percentile of the market rate | Does the state set its maximum reimbursement rate at least at the 75th percentile of the current market rate? | Relationship of state's maximum reimbursement rate to the 75th percentile of the market rate |
| Texas | Cannot be determined from data available | 75th percentile of the market rate (did not indicate year of rates) | Yes | 75th percentile of 1999 rates |
| Utah | Yes | Statewide limit set above the 75th percentile of the market rate | Yes | 75th percentile of 1998 rates |
| Vermont | No | Statewide limit set below the 75th percentile of the market rate (did not indicate year of rates) | No | $153 per month below the 75th percentile of 2000 rates |
| Virginia | Yes | 75th percentile of 1993 rates | No | 75th percentile of 1997 rates |
| Washington | No | 75th percentile of 1992 rates | No | $6 per month below the 75th percentile of 1998 rates |
| West Virginia | No | Statewide limit set below the 75th percentile of the market rate (did not indicate year of rates) | Yes | 75th percentile of 1999 rates |
| Wisconsin | Yes | 75th percentile of 1994 rates | Yes | 75th percentile of 1999 rates |
| Wyoming | Yes | 75th percentile of 1993 rates | Yes | 75th percentile of 1999 rates |

Monthly rates were calculated from hourly, daily, and weekly rates reported by the states assuming that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month.

*For Connecticut, the 2000 state reimbursement rate considered here is the rate that applies to low-income and transitioning families only. The maximum reimbursement rate for TANF families is lower.

**For New Hampshire, the 2000 state reimbursement rate considered here is the rate that applies to TANF families only. The maximum reimbursement rate for non-TANF families is lower.

***New Mexico, North Carolina, Oklahoma, and South Carolina have multiple-tiered rating systems that are tied to tiered reimbursement levels. Programs with higher quality rankings receive progressively higher rates. The 2000 rates considered here for these states are the rates for centers meeting basic licensing criteria.

States appear to have made notable progress in one area: differential rates. Before the welfare act, very few states offered differential rates for care that was more costly to provide or in short supply. Since that time, many have established higher rates for high quality, odd-hour, and other types of care.

- Only six states reported having differential rates for higher quality care in 1995, compared with 22 in the more recent survey.
- The number of states reporting differential rates for odd-hour care increased from just one in 1995 to 13 in 2000.

It is encouraging that these innovative policies to stimulate the supply of higher quality care and care that meets parents' specialized needs are becoming more widespread. However, most of these efforts only adjust rates at the margins and are not sufficient to ensure the adequacy of rates across the board.

Further progress is clearly needed to address the persistent shortcomings of state child care assistance policies. Policies should be improved to ensure that states reach all of the families who need help paying for care and that the level of help is sufficient to enable families to use quality child care. Consistently good policies should be applied across all groups of families so that families transitioning from one category to another do not have to struggle to learn new rules or adapt to less generous policies. This will require not only thoughtful policy choices at the federal, state, and local levels, but also additional federal and state funding to support these policies.

## About This Report

This report contains data on state policies as of March 15, 2000. The information was collected through surveys of state child care administrators from all 50 states and the District of Columbia.[15] The administrators were asked to complete a written survey. Once we received each administrator's survey and reviewed it, we interviewed the administrator by telephone for further clarification and details of their policies. The administrators were also given an opportunity to review a draft of the report so they could verify the data.

The report provides only a sample of the myriad of policies that determine who receives child care assistance and the extent of assistance they can obtain. In addition, several policies are compared across states by using a few selected hypothetical scenarios. These scenarios were intended to be representative of the broader policies, but an examination of policies in other situations might yield different results for particular states. Also note that this report generally only indicates what states policies are, not how they are implemented. The way in which a policy is implemented can differ significantly from the way the state intended and can vary widely from community to community within a state.

Another difficulty in examining state policies is that the policies are constantly shifting and changing. While states were asked to report their policies as of a particular date (March 15, 2000) so that comparisons could be made across states, there have already been numerous changes—both positive and negative—since then. Our annual report, *State Developments in Child Care, Early Education, and School-Age Care*, tracks these changes and can be used to supplement the data in this report.

---

[15] For the purposes of this report, the District of Columbia is referred to as a state.

## A Blueprint for Strong Child Care Assistance Policies

Strong state child care assistance policies enable all families who need help affording care to receive it and have access to quality care. Such policies are only possible with increased investments in child care. Although state funding levels are not covered in this report (data will be provided in a separate report), funding is the underlying issue that affects nearly all other state decisions about their child care assistance programs. The amount of funding determines how many families can be served, whether they can easily maintain eligibility for help, and the quality of care children receive.

### *Eligibility Policies*

Eligibility policies should be set so that all families who need it can qualify for child care assistance. States should be encouraged to:

- Guarantee that both welfare families *and* low-income working families who are not on welfare are eligible for, and receive, child care help.
- Set their income eligibility cutoffs at the maximum level allowed under federal law, 85 percent of state median income.
- Provide child care assistance to all children and families who may need it, including children with disabilities or other special needs, children in protective services or foster care, parents searching for a job, parents participating in education or training, and teen parents and their children.

### *Policies on Applying for Assistance*

The process of applying for child care assistance should ensure the parents have easy access to the help that they need. States should:

- Design the simplest system possible that allows families to move from welfare to job training or education to job search to work without having to reapply for child care assistance.
- Simplify the application form for child care assistance as well as other benefits and make sure it is available in languages used in each community.
- Make application forms available throughout the community and allow families to apply through mail and other methods that are convenient for them.
- Support an adequate number of staff to handle families' applications for assistance promptly.
- Ensure that staff are adequately trained to help families understand the application process and their child care options; staff or interpreters should be available to communicate in languages used by families in the community.
- Consider using resource and referral agencies or other community organizations to administer child care assistance programs.
- Allow families to continue receiving assistance for a full year before requiring recertification, regardless of changes in income or other circumstances, and to be recertified through a simple mail-in application.
- Provide families with a grace period after the deadline for recertification so that they can continue receiving assistance even if there are delays in the reapplication process.

## *Parent Co-payment Policies*

Parent co-payment policies should enable parents receiving child care assistance to afford and choose good care. In particular, states should:

- Keep co-payments low for very poor families. Low-income families should not be expected to pay a higher percentage of their income than the national average—7 percent[16]—and families at or below the poverty line should not be required to pay any fee.
- Avoid basing co-payments on the cost of care, which pressures parents to use the cheapest care possible as they struggle with other financial responsibilities.
- Charge reduced fees for additional children if a family has more than one child in care.
- Gradually phase in any fee increases, rather than changing them abruptly as a family's income rises.

## *Reimbursement Rates and Policies*

Reimbursement policies should encourage providers to accept children receiving subsidies and enable them to support good quality care. This allows parents to have a choice of providers that meets their individualized needs and supports their children's successful development. States should:

- Set reimbursement rates at the 100th percentile of the current market rate to allow families full access to the providers in their community.
- Maintain separate rates for different types of care, care for children of different ages, and care in different areas or communities to reflect variations in the cost of care.
- Set higher rates for child care programs that provide higher quality care or enriched services, or (for example) meet the accreditation standards of the National Association for the Education of Young Children (NAEYC).
- Pay higher rates for care that is hard to find or more costly to provide, such as care during odd hours (weekends or nights) or special needs care, to encourage more providers to offer this care.
- Pay higher rates to programs serving large numbers of low-income children, to ensure that the programs have an economic base that allows them to remain viable.
- Pay rates that are higher than the market rate in low-income neighborhoods and rural areas where rates are depressed. In these neighborhoods, providers cannot charge higher rates because private-paying parents could not afford them. Yet this keeps providers' rates far below the level needed to support quality care.
- Pay for child care during days when children are absent so providers do not lose expected income and can afford to serve low-income children.
- Establish rates for part-time care that provide sufficient incentive for providers to accept children on a part-time basis. Providers often charge more for such care, rather than simply pro-rating the time, and states should recognize this market reality.
- Pay providers in advance, rather than on a reimbursement basis, so that they have resources available upfront to support their services.
- Offer certificates to ensure parent choice as well as contracts that enable providers to have a reliable source of income.

---

[16] Kristin Smith, *Who's Minding the Kids? Child Care Arrangements: Fall 1995 (Current Population Reports P70-70)* (Washington, D.C.: U.S. Census Bureau, 2000).

# Introduction

Families need access to high quality care so that children can start school ready to learn and parents can work. The importance of high quality care has become increasingly clear in recent years. New studies demonstrate that children's experiences in their early years have lasting impacts on their ability to succeed in school and in life. Research on brain development and other studies show that young children need quality environments in and out of the home to promote their well-being, ensure they get a strong start, and prepare them to learn.

The availability of high quality care is even more crucial with an ever increasing number of parents relying on child care so they can go to work. Low-income parents often have no choice but to work so they can support their families. Parents receiving welfare now face strong work requirements as a result of changes in the federal welfare law passed in 1996. Among families receiving welfare cash assistance, the proportion participating in paid employment or work activities grew from 11 percent in 1996 to 33 percent in 1999. Overall, employment among low-income single mothers with young children grew from 44 percent in 1996 to 55 percent in 1999.[17] Child care costs can be a staggering burden for these working parents, consuming over a third of the income of a family in poverty.[18]

The welfare law created a new urgency to meet families' need for child care help while offering states new opportunities and resources to accomplish this task. Yet, five years later, much remains to be done. A review of state child care policies as of March 15, 2000 gives both reason for hope and cause for disappointment. Some states are moving forward to make more families eligible for child care assistance, improve administrative systems to better ensure that families who are eligible for assistance will receive it, lower parent co-payments, or raise provider reimbursement rates. The number of children and families receiving assistance has increased significantly over the past five years.[19] However, the goal of providing adequate supports for children and families remains far out of reach. In 1999, only one out of eight children eligible for child care assistance through the Child Care and Development Block Grant (CCDBG) program was receiving it.[20] In two out of five states, a family earning as little as $25,000 could not qualify for help as of March 2000. Every state's child care subsidy system falls short in important areas affecting the availability and quality of care.

---

[17] U.S. Department of Health and Human Services, Administration for Children and Families, Office of Planning, Research and Evaluation, *Temporary Assistance for Needy Families (TANF) Program: Third Annual Report to Congress* (Washington, D.C.: U.S. Department of Health and Human Services, August 2000).

[18] Kristin Smith, *Who's Minding the Kids? Child Care Arrangements: Fall 1995 (Current Population Reports P70-70)* (Washington, D.C.: U.S. Census Bureau, 2000).

A comparison of state child care subsidy policies in 2000 to policies in 1995 offers the clearest indication that states have not made sufficient progress since the welfare law was passed.[21] In 1995, many states were setting restrictive eligibility criteria, requiring high co-payments from parents, and reimbursing providers at very low rates. In 2000, the picture remained largely the same. While some states had improved their policies, a substantial number of states had failed to move forward at all or had actually taken steps backwards.

## Background History on Federal Child Care Legislation

The current system of child care assistance, which is supported by a combination of federal, state, and local funds, is largely the product of federal legislative developments over the past dozen years. In 1988, the Family Support Act addressed child care assistance as an essential component of a welfare reform agenda. States, for the first time, were required to provide a child care entitlement for families on welfare who were working or enrolled in job training or education programs (JOBS child care), and for families who needed transitional child care assistance for 12 months after leaving welfare (Transitional Child Care or TCC).

Policymakers soon recognized that child care assistance was also essential to help low-income working families remain independent. As a result, two new programs—the Child Care and Development Block Grant (CCDBG) and the At-Risk Child Care Program—were enacted in 1990. These programs provided states with funds to support child care assistance for low-income working families and bolster the quality of child care. However, unlike families receiving or transitioning off welfare, low-income working families were not entitled to child care assistance.

All of these programs were significantly revised in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). PRWORA eliminated the nation's guarantee of cash assistance to families with very low incomes (by eliminating the national welfare program Aid to Families with Dependent Children, or AFDC) and replaced it with a new limited program called Temporary Assistance for Needy Families (TANF). This new program placed great demands on states to move families from welfare to work. In order to avoid financial sanctions, states had to meet work participation targets that grew progressively stricter over time—from a requirement that states move 25 percent of their caseload from welfare to work by FY 1997 to a requirement of 50 percent by FY 2002.

The changes that the Act made to child care programs in some ways paralleled the changes made to the cash assistance program in that assurances of a crucial support for families needing help were eliminated while states were allowed increased flexibility.

---

[19] Ann M. Collins, Jean I. Layzer, J. Lee Kreader, Alan Werner, and Fred B. Glantz, *National Study of Child Care for Low-Income Families: State and Community Substudy Interim Report* (Washington, D.C.: Abt Associates Inc., 2000).

[20] U.S. Department of Health and Human Services, "New Statistics Show Only Small Percentage of Eligible Families Receive Child Care Help" (December 6, 2000). Press release. Retrieved from the Internet at www.acf.dhhs.gov/news/ccstudy2.htm.

[21] The Children's Defense Fund last conducted a comprehensive study of child care subsidy policies in 1995.

The Act ended the entitlement to child care assistance for families receiving welfare and for those transitioning from welfare to work. It also combined various existing child care programs into a new consolidated Child Care and Development Block Grant (also referred to as the Child Care and Development Fund). This gave states the opportunity to design more effective systems for helping families attain or maintain self-sufficiency. States could make it possible for families to receive help without having to face separate programs and policies as they moved from welfare to work and without being treated differently depending on whether they were receiving welfare, had recently received it, or had never received it.

At the same time, the revisions to the child care assistance program included a significant increase in funding—an additional $4 billion for child care over five years. By FY 2000, federal funding for the CCDBG had risen to $3.55 billion, and states were required to provide an additional $1.77 billion in matching and maintenance of effort funds. The new welfare law also allowed states to transfer up to 30 percent of their TANF block grant funds to the CCDBG and to use TANF funds for child care within the TANF block grant. States have taken advantage of this provision, and by FY 2000 the amount of TANF funds states transferred to the CCDBG or spent on child care within the TANF block grant totaled $3.9 billion.[22]

## An Uncertain Future

Despite significant increases in federal and state funding for child care programs over the past several years and expanded flexibility for states to design their policies to meet the needs of families, these programs often fail to fulfill their promise. Too many low-income families remain unable to receive help for a variety of reasons. They may not know help is available or the income cutoff for assistance may be too low for them to qualify. Their state may not have sufficient funds to serve them even when they are eligible, or they may simply not be able to weave their way through a confusing system. Even those families who qualify for assistance often face parent co-payments that are too high or reimbursement rates that are too low to allow them to choose a good quality provider.

The continuing shortcomings of state child care policies are particularly troubling given the extremely favorable conditions for states over the past several years—a strong economy, shrinking welfare rolls, and growing revenues. With prospects for the nation's economy uncertain, families relying on child care assistance now face a double-edged threat. If there is an economic downturn, their budgets will be squeezed even tighter while their need for help with their child care bills will intensify. States will require additional resources to meet this demand and they may be less able to depend on the TANF block grant as one of their major sources of funds for child care. In an economic downturn, states will likely need to use an increasing proportion of their TANF funds for cash assistance, leaving fewer resources available to help families with child care costs just at the point when the need for assistance may be growing.

State child care policies rest on fragile foundations that could be shattered by a weakening economy. Many low-income families maintain an equally precarious balance struggling to meet the demands of work and family. A state's child care policies can determine whether a family is able to sustain this balance and gain a more stable footing or whether this balance will be upended. If a family has access to child care assistance that enables them to afford a high quality, reliable provider, a parent can more easily find and keep a job. On the other hand, a family who loses their child care assistance because of a cumbersome eligibility redetermination process or a small increase in income could find themselves without the child care they need to work.

---

[22] Rachel Schumacher, Mark Greenberg, and Janellen Duffy, *The Impact of TANF Funding on State Child Care Subsidy Programs (Preliminary Report)* (Washington, D.C.: Center for Law and Social Policy, August 2001).

## New Resources Are Critical

Additional federal, state, and local investments are essential not only to address the gaps in child care policies but also to prevent these gaps from widening in the wake of less favorable economic conditions. Without sufficient funding, state policy makers will continue to face unacceptable tradeoffs. Some will set very low income eligibility cutoffs, denying child care help to struggling families. Others will set higher income eligibility limits but place thousands of eligible families on waiting lists with little hope of actually receiving relief from child care costs. Some will allow low-income families to qualify for assistance, but make parent co-payments so high that child care remains unaffordable. Some will offer certificates that technically allow families to choose any provider they want, but set reimbursement rates so low that few providers are able to accept the certificates, leaving families with no real choice. Others will pay providers higher rates for higher quality care, but maintain base rates, which apply to the vast majority of providers, at sorely inadequate levels.

States may also make tradeoffs by establishing different policies for different groups of families. Under pressure to meet TANF requirements to move families from welfare to work, states may target limited child care funds on TANF families. Although this approach is understandable, it leaves many low-income families who do not receive TANF unable to afford the care they need to work and stay off welfare. Families may also become confused by the differences in policies for different families. In some cases, a disjointed system can actually cause a family to lose their child care subsidies when they move from welfare to work and become subject to a new set of rules.

If children are to succeed in school and parents are to be able to get and keep a job, they must have easy access to supportive and stable child care. Meeting this need will require a significant increase in federal investments in the Child Care and Development Block Grant along with sustained high funding levels for TANF, now a crucial funding source for child care. It will also require increased state, local, and private investments. Only with expanded resources will it be possible for states to apply good policies to *all* families who need help paying for care.

# Determining Which Families Are Eligible for Child Care Assistance

States provide child care assistance to help low-income families afford care while parents are working or involved in activities, such as education, training, or searching for a job, that lead to work or better-paying work. These families may be receiving welfare, may be moving from welfare to work, or may not have been involved in the welfare system in the recent past or at any time but qualify for help because they fall under a certain income level. States may also provide child care assistance to families headed by teen parents so that the teens can complete their education, families in crisis to ensure that their children receive care in a safe environment until the family situation stabilizes, or other families. Each state sets its own criteria, within federal guidelines, for who can qualify for help, including income requirements (income eligibility criteria) and requirements on the activities in which families must participate in order to be considered as having a need for child care (categorical eligibility criteria).

Under the revised federal Child Care and Development Block Grant (CCDBG) program enacted in 1996, states are allowed to serve all families through a single program with a single set of policies. While some states have taken steps to unify their policies, many continue to maintain separate programs and/or rules for different groups of families. For example, a number of states allow parents receiving Temporary Assistance for Needy Families (TANF), but not low-income parents, to qualify for child care assistance while looking for work. In several states, the number of hours a parent is required to work in order to qualify for assistance also depends on whether or not the family is receiving TANF. There are no clear patterns in how state eligibility policies for TANF families, families transitioning off TANF, and low-income families compare to one another. Some states have policies that are more generous for families who are receiving welfare than for those who are not, while other states have more generous policies for families not receiving welfare. For example, one state may only allow TANF families, but not low-income families, to receive assistance while a parent attends college; another state may only allow low-income families, but not TANF families, to qualify while a parent is in school. These inconsistencies may reflect a state's need to prioritize among families in the face of resource constraints or may result from the need to align child care policies with TANF requirements. However, they make it very difficult for parents, who are already coping with many other financial, work, and family stresses, to determine whether they are eligible for assistance. Families are also required to adjust to new policies each time they change categories.

Overall, state eligibility policies are too restrictive, denying help to many families—whether TANF, transitioning, or low-income—who need it.

- Only four states allow families with incomes up to the maximum allowed under federal law (85 percent of state median income) to qualify for child care assistance.
- In two out of five states (22), a family of three earning $25,000 a year could not qualify for help.
- Many states limit parents' ability to receive assistance while looking for work, attending college, or participating in training, even though these activities are necessary steps to becoming employed or advancing in a job.

Even families who meet a state's eligibility criteria are not assured of actually receiving assistance. States are no longer required to guarantee assistance to any families, even families receiving welfare or transitioning from welfare. Most states do still ensure that TANF families receive assistance, either by legally entitling them to assistance, establishing a guarantee, or giving them top consideration for services. However, as with their eligibility criteria, most states continue to treat non-TANF families differently from TANF families in setting priorities. While some states guarantee assistance to families transitioning off welfare, and a few extend a guarantee to all eligible families regardless of welfare status, most states have not made an explicit commitment to serving all families who qualify for help.

# Part I: Families Receiving Welfare

Families receiving welfare benefits are eligible to receive child care assistance in every state and are generally given very high priority for services. A major reason for this emphasis on serving TANF families stems from states' concern with meeting the welfare law's requirements that more families move from welfare to work.

Depending on the state, TANF families may be automatically eligible for child care assistance or may have to meet additional criteria. Since TANF income requirements are generally much lower than the income limits for the child care subsidy program, TANF families are usually presumed to meet the income criteria for child care assistance. However, there may be other requirements faced by TANF families. For example, a parent may have to work a certain number of hours to be eligible for child care assistance. There may be restrictions on a parent's eligibility for assistance while in training, in education, or searching for a job, or they may not be eligible at all while participating in these activities. The criteria that determine a TANF family's eligibility for child care assistance may be defined by the state's TANF policies or by its child care policies—for example, a parent receiving TANF may not be required to participate in work or work-related activities by the state's child care subsidy program itself, but to remain eligible for TANF, the parent might be required to participate in work or work-related activities 30 hours a week. Families are also only eligible for TANF child care as long as they are eligible for TANF, which has strict time limits.

Although state policy may allow TANF families to qualify for child care assistance while participating in a range of activities—from searching for a job, to education, to job training—a family generally needs their caseworker to approve that participation. In some states, caseworkers may only rarely allow families to fulfill their TANF requirements and qualify for child care assistance by engaging in these activities.

Some states do not set any uniform requirements on the types of activities in which families must participate and the number of hours for which they must participate in order to receive TANF and child care assistance. Instead, the criteria for receiving assistance will vary on a case-by-case basis depending on the family's circumstances. The requirements the family must fulfill are outlined by a self-sufficiency agreement between the caseworker and the individual family as part of the TANF program. Using state guidelines, the caseworker helps to define the terms of the agreement and verify the family's compliance with it.

## *Entitlements, Guarantees, and Prioritization for TANF Families*

A number of states provide TANF families with a legal entitlement to child care assistance. Other states do not have a specific written policy guaranteeing TANF families assistance, but do indicate that funds will be made available so that all TANF families eligible for assistance will receive it. No state reported having to turn eligible TANF families away due to a lack of funds.

- Sixteen states reported that they legally entitle TANF families to child care assistance (Alaska, Arizona, Arkansas, Delaware, Hawaii, Indiana, Kentucky, Maine, Nevada, New Mexico, New York, Ohio, Rhode Island, Tennessee, Texas, and Virginia). Only in Rhode Island is this entitlement extended to all families, including non-TANF families. About half of the states with an entitlement for TANF families are unable to serve all eligible families who apply, so this step protects TANF families from being placed on a waiting list (Alaska, Arkansas, Maine, New York, Tennessee, Texas, and Virginia).

- Nine states—Alabama, California, District of Columbia, Georgia, Kansas, Massachusetts, Minnesota, Utah, and Washington—do not offer a legal entitlement but do have a limited guarantee specifically for TANF families. This guarantee does not extend to low-income families not on welfare (although some of these states provide the guarantee to families transitioning off welfare). Five of these states, while serving all TANF families, have a waiting list for low-income families (Alabama, California, Georgia, Massachusetts, and Minnesota).
- Four states—Connecticut, Florida, Mississippi, and South Carolina—do not provide either an entitlement or guarantee of assistance for TANF families, but give first priority to TANF families so that they are not turned away even though these states have waiting lists or frozen intake for low-income families.
- North Carolina, which has a waiting list, does not guarantee assistance for TANF families. However, the state allows counties to set their own priorities for which families will receive assistance, and most counties give top consideration to TANF families.
- The remaining 21 states are currently serving all eligible families—TANF and non-TANF—who apply (Colorado, Idaho, Illinois, Iowa, Louisiana, Maryland, Michigan, Missouri, Montana, Nebraska, New Hampshire, New Jersey, North Dakota, Oklahoma, Oregon, Pennsylvania, South Dakota, Vermont, West Virginia, Wisconsin, and Wyoming). A few of these states, such as Illinois, Oregon, Vermont, and Wisconsin, have explicitly indicated that they will continue to ensure that funding is sufficient to serve all eligible families, so neither TANF nor low-income families are turned away. Many of the states that have not taken such steps noted that if they did have to turn to waiting lists, TANF families would be given top priority for services.

### *TANF Families and Work*

All states *allow* TANF families to receive child care assistance while a parent works.[23] However, there are variations among states as to whether they *require* parents to work.

Seventeen states require that TANF parents be working or in work-related activities for a particular number of hours per week to receive child care assistance:

- Eleven of these states require a single parent with a child under age six to work or participate in work-related activities a minimum of 20 hours a week (Alabama, Delaware, District of Columbia, Florida, Hawaii, Louisiana, Minnesota,[24] Mississippi, Rhode Island, South Dakota, and Tennessee).[25]
- In Georgia, a single parent must work or be in work-related activities 25 hours a week. (Each adult in a two-parent family must work or be in work-related activities 35 hours a week.)
- New Mexico has a 29-hour-a-week work requirement.
- In Nevada and Ohio, the requirement is 30 hours of work a week.
- New Jersey requires parents to participate in work activities 35 hours a week.
- In New York, the number of hours that parents must work is determined by local districts.

---

[23] In Montana, TANF parents who are working can receive help in covering their child care costs, but only through the child care disregard and not through certificates. The disregard allows TANF parents who work and have child care expenses to discount part of their earnings when determining the amount of their cash assistance award (see chapter on payment approaches for more information about the disregard). In contrast, TANF parents who are in training, education, or family strengthening activities can use certificates to purchase child care.

[24] This is the requirement in Minnesota unless the family's employment plan indicates otherwise.

[25] Louisiana, Mississippi, and South Dakota indicated that a parent with a child over age six would be required to work at least 30 hours a week. This may be the case in other states as well.

Five of these states—Delaware, Hawaii, Nevada, New York, and Ohio—require TANF parents to work or participate in work-related activities for a certain number of hours per week, but not other low-income parents receiving child care help.[a] In these states, a parent is required to work or engage in work-related activities for a certain number of hours not in order to qualify for child care assistance, but to be eligible for TANF in the first place.

A number of states have more flexible policies on work participation. For example, Kansas sets a goal for parents to participate in a work program for 30 hours a week, but case workers have discretion in assigning parents to work components. In Massachusetts, single parents with children under six are encouraged but not required to work. Several states, while not specifying a particular number of hours per week that TANF parents must work, do require each TANF family to have an employability plan and be in compliance with it, or to get approval from a case manager, in order to receive child care assistance. This approach was mentioned by Alaska, Arizona, Iowa, Missouri, Utah, and Wisconsin. It may be used in additional states as well.

### *TANF Families Searching for Work*

All states allow TANF parents to receive child care assistance while they are searching for a job, whether it be an initial job or a new job. In many states, the policy is different for non-TANF parents, who are sometimes not allowed to receive any child care assistance while looking for a job or are only able to receive help if they were already receiving assistance prior to beginning their job search. (State policies for non-TANF families are discussed in more detail in the following section.)

Although TANF parents are eligible to receive assistance while searching for a job in every state, they are subject to different limits on how long they can search. About half of the states set specific limits. Such restrictions may make it difficult for parents to have enough time to find a job that they will be able to hold on to and will provide them with sufficient income to support their families. Time limits can also be disruptive for children because if a parent exceeds their time limit without obtaining a job and loses their child care assistance, they may have to change their child care arrangement.

#### *Time Limits on Child Care Assistance while a Parent Searches for a Job*

Twenty-four states set a limit on the amount of time a TANF family can receive child care assistance while a parent searches for a job (Alabama, Connecticut, District of Columbia, Florida, Indiana, Iowa, Kentucky, Louisiana, Maryland, Minnesota, Mississippi, Missouri, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Rhode Island, South Carolina, South Dakota, Tennessee, Utah, Vermont, and West Virginia). The time limit ranges from as short as two weeks in Alabama to as much as 12 weeks in the District of Columbia. The remainder generally set the limit at four or six weeks.

In some states that limit how long a parent can search for a job, the policy differs depending on whether a parent is searching for initial work or searching for a new job. Parents are generally given less time to search for a new job if the search began when they were already receiving child care assistance than if they apply while in the process of an initial search:

- In Connecticut, Kentucky, and Maryland, parents are given an unlimited amount of time to search for a job if they do not have one when they initially begin receiving assistance, but are given only one month (or 30 days) if they start searching for a new job after already receiving assistance.
- In Utah, parents are allowed six weeks when initially searching for a job, but if they decide to search for a new job after already receiving assistance, they are only allowed to search for a

---

[a] In these states, low-income parents would still generally have to demonstrate a need for child care, but would not necessarily have to work or participate in work-related activities for a specified number of hours.

job until the end of the month for which their child care is approved. (However, at the end of that month, families can have their situation reevaluated and receive an extension.)

- In Florida, parents are allowed as much as 90 days to search for a job initially, but only 30 days each time they change jobs.
- Tennessee sets an eight-week limit on the initial search, but the time limit on a search for a new job varies.

States that set time limits on job search differ as to whether they set consecutive, annual, or lifetime limits. For example:

- South Carolina allows up to four consecutive weeks for each search, and Vermont allows 30 days for each search.
- In North Dakota, Rhode Island, and South Dakota, parents are given up to four consecutive weeks for each search, but have an annual limit of six weeks.
- Minnesota will provide 240 total hours of child care per year while a parent is looking for a job, in addition to the hours authorized in their employment plan.

Some states that set limits allow families to receive extensions. For example:

- North Carolina allows 30 days for job search with a possible 30-day extension.
- Extensions are also allowed by Florida (which generally limits the search for an initial job to 90 days a year), Louisiana (which limits the search to six weeks a year), New Jersey (which has a time limit of six weeks for each job search), and Vermont (which allows 30 days for each search).

Twenty-seven states set no time limits on job search (Alaska, Arizona, Arkansas, California, Colorado, Delaware, Georgia, Hawaii, Idaho, Illinois, Kansas, Maine, Massachusetts, Michigan, Montana, Nebraska, Nevada, New Hampshire, New York, Oklahoma, Oregon, Pennsylvania, Texas, Virginia, Washington, Wisconsin, and Wyoming). However, the family would have to be in compliance with any applicable time limits or requirements under TANF. For example, Idaho does not set a limit on job search, but the state has a 24-month lifetime limit on TANF eligibility. Several states, including Alaska, Arizona, Georgia, Maine, Nebraska, Nevada, Pennsylvania, and Wisconsin, indicated that while there is no established limit on job search, the family must be in compliance with their TANF welfare-to-work plan. In Massachusetts, if a parent is not making progress in their basic job search, they may be required to participate in a structured job search for eight weeks. In Pennsylvania, they would be required to participate in structured job search activities if they did not find work after searching for eight weeks.

43

## Time Limits on Child Care Assistance for TANF Families Searching for Work as of March 2000

| State | Time Limit on Job Search |
|---|---|
| Alabama | 2 weeks |
| Alaska | No set limit, but must be part of family's TANF employability plan |
| Arizona | No set limit, but must be part of family's TANF employability plan |
| Arkansas | No set limit, eligible as long as case is open and parent is in work activity |
| California | No set limit, but must be approved by the county |
| Colorado | No set limit, up to TANF limits |
| Connecticut | No set limit for initial search, but must be approved by employment services case manager, up to TANF limits; 1-month limit when changing jobs |
| Delaware | No set limit |
| District of Columbia | 12 weeks |
| Florida | 90 days, with possibility for extension, for initial job search; 30 days each time for changing jobs |
| Georgia | No set limit, but parent must comply with their TANF Personal Work Plan |
| Hawaii | No set limit, but if parent is unable to find paid employment, they are placed in a work program |
| Idaho | No set limit, but 24-month lifetime limit for TANF eligibility |
| Illinois | No set limit, but the job search must be short term, as defined by the caseworker (typically 30 to 60 days) |
| Indiana | 4 weeks |
| Iowa | 30 working days in a 12-month period |
| Kansas | No set limit |
| Kentucky | No limits other than applicable TANF time limits for initial search; 30 days when changing jobs |
| Louisiana | 6 weeks a year, but may be extended |
| Maine | No set limit, eligible as long as job search is part of family's plan |
| Maryland | No set limit for initial search; 1-month limit when changing jobs |
| Massachusetts | No set limit, but must make progress in their basic job search; if parent is not making progress, they can be required to participate in a structured job search for 8 weeks |
| Michigan | No set limit, as long as in Work First (the state's welfare-to-work program) |
| Minnesota | 240 hours of child care a year (translates to about 30 days) in addition to the hours authorized in the family's employment plan |
| Mississippi | 6 weeks a year (in addition to 4 to 7 weeks of job readiness activities prior to search) |
| Missouri | 4 weeks |
| Montana | No set limit, varies with Family Investment Activity |
| Nebraska | No set limit, depends on family's self-sufficiency contract; time limit on TANF eligibility of 24 months within a 48-month period |
| Nevada | No set limit, but must meet expectations of Personal Responsibility Plan |
| New Hampshire | No set limit |
| New Jersey | 6 weeks for each search, with possibility for extension |
| New Mexico | 6 weeks |
| New York | No set limit |
| North Carolina | 30 days with possible 30-day extension |
| North Dakota | 4 consecutive weeks for each search, annual limit of 6 weeks |
| Ohio | 6 weeks (each county determines whether to allow 6 weeks for each search or to set 6 weeks as the total allowed) |
| Oklahoma | No set limit, but lifetime limit of 5 years for TANF eligibility |
| Oregon | No set limit, determined by case manager |

Continued next page

## Time Limits on Child Care Assistance for TANF Families Searching for Work as of March 2000 (continued)

| State | Time Limit on Job Search |
|---|---|
| Pennsylvania | No set limit, as long as parent is in compliance with their agreement of mutual need with their caseworker (parents must participate in directed job search if they have not found work after 8 weeks of searching independently, but they can still receive child care assistance regardless) |
| Rhode Island | 4 consecutive weeks for each search, annual limit of 6 weeks |
| South Carolina | 4 consecutive weeks for each search |
| South Dakota | 4 consecutive weeks for each search; annual limit of 6 weeks |
| Tennessee | 8 weeks for initial search; varies for search after already receiving assistance |
| Texas | No set limit, eligible as long as Choices (welfare-to-work) case is open |
| Utah | 6 weeks for initial job search; if parent is changing jobs, until the end of the approved month of child care, at which point the situation is re-evaluated |
| Vermont | 30 days for each search, with extensions granted under certain circumstances |
| Virginia | No set limit |
| Washington | No set limit, but must comply with Work First (welfare-to-work) policy; generally 8 to 12 weeks allowed for each job search |
| West Virginia | 6 weeks total for job readiness and job search |
| Wisconsin | No set limit, determined within a family's Employability Plan |
| Wyoming | No set limit |

### *TANF Families and Postsecondary Education*

Seven states do not allow TANF families to receive child care assistance while a parent attends school (Connecticut, Florida, Georgia, Indiana, Kansas, Maine, and South Dakota[27]). This hampers a parent's ability to get the education they need to obtain a good-paying, stable job that can enable them to remain self-sufficient in the long term. A college degree has a significant impact on earning potential. In 1999, the median annual earnings of full-time female workers was $21,400 for those with a high school diploma, $29,277 for those with an Associate degree, and $31,378 for those with a Bachelor's degree.[28]

It is important to note that, in some cases, the way these eligibility policies play out in practice may be affected by how they interact with other policies. For example, Georgia's policy does not allow families to receive child care assistance to attend college. However, since the state pays the full-time rate as long as a parent is working at least 25 hours a week, those who work for this many hours a week and also attend school part time could receive assistance to cover, in effect, the cost of a full day of care during both their work and school hours.

Most states (44) allow TANF parents to receive child care assistance while attending college in at least some instances (Alabama, Alaska, Arizona, Arkansas, California, Colorado, Delaware, District of Columbia, Hawaii, Idaho, Illinois, Iowa, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island,

---

[27] South Dakota changed its policies as of July 2000 to allow TANF parents in college to receive assistance.

[28] U.S. Census Bureau, "Table 9: Earnings in 1999 by Educational Attainment for People 18 Years Old and Over, by Age, Sex, Race, And Hispanic Origin," *Educational Attainment in the United States: March 2000 (P20-536)* (Washington, D.C.: U.S. Census Bureau, 2000). Retrieved from the Internet at http://www.census gov/population/socdemo/education/p20-536/tab09.txt

South Carolina, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming). However, a number of these states set limitations on child care help for parents in school:

- While Maryland, Montana, and Ohio allow localities to provide child care assistance to TANF parents attending college, the localities are not required to help these families.
- Alaska, California, Louisiana, Mississippi,[29] and Oregon indicated that child care assistance for TANF parents attending school is generally only approved under limited circumstances. For example, in California, a parent must demonstrate that the education is needed for employment or must already be enrolled in the education program.
- Washington allows TANF parents to receive child care assistance while attending college, but only for particular programs such as computer training offered at a college or other vocational education.
- Ten states require TANF parents to work in addition to going to school in order to receive assistance (Hawaii, Michigan, Mississippi,[30] New Jersey, New Mexico, Oklahoma, Pennsylvania, Rhode Island, Virginia,[31] and Washington). In Pennsylvania, the work requirement only applies to parents after 24 months—during the first 24 months of receiving TANF, they are eligible for child care assistance while attending college even if they are not working. Similarly, in Rhode Island, families only have to begin meeting the 20-hour-a-week work requirement after 36 months. New Mexico does not require parents to work while they are participating in the Education Works component of TANF, but participation in this component is limited to two years; at the end of the two-year period, parents can still attend school, but must also work 20 hours a week. In Michigan, TANF recipients generally have to work in order to receive child care for education. However, there are exceptions to this rule for concentrated educational programs and TANF recipients exempt from work requirements. In addition, Michigan has what is referred to as the "10-10-10 Plan"—parents can meet the TANF work requirement of 30 hours a week with 10 hours of work, 10 hours of school, and 10 hours of study.
- In six states, a parent is not required to work, but is subject to requirements to participate in activities for a certain number of hours a week (Alabama, Delaware, Massachusetts, Nevada, Ohio, and Tennessee). If class attendance hours alone do not meet this requirement, a parent would have to make up the remaining time with work or other related activities.
- Twenty states set limits on the amount of time a parent can attend college (Alabama, Arkansas, California, Colorado, Iowa, Louisiana, Massachusetts, Minnesota,[32] Missouri, New Hampshire, New Mexico, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Texas,[33] Utah, and Washington).[34] Most of these

---

[29] As of March 2000, Mississippi only allowed a parent to receive assistance to attend school if they were already enrolled in college when they applied for assistance. The state has since changed its policy to allow parents in postsecondary education to receive assistance regardless of whether they were enrolled when they applied.

[30] Mississippi has since changed its policy so that parents enrolled full time in school are no longer required to work.

[31] Virginia only requires parents to work while in school if the family is subject to TANF work requirements. These parents must work eight hours a week while attending school. Parents exempt from the TANF work requirements, because they have very young children or for other reasons, do not have to work while in school to be eligible for assistance.

[32] Minnesota reported that these time limits are tied to TANF time limits on education. The child care subsidy program itself does not set a time limit on how long a parent can receive child care assistance; parents may receive assistance while in school up to a Bachelor's degree, with no limit on the time allowed for the parent to complete the degree. TANF policies, rather than child care assistance policies, may determine time limits in other states as well.

[33] In Texas, the time limit varies by locality.

[34] Rhode Island also sets a time limit of 60 months for a parent to complete their degree. However, there is no time limit if a parent is also working 30 hours a week. Several additional states, including Nebraska, New Jersey, and Virginia, noted that while their child care policies do not limit assistance while a parent is in school, families are only eligible for TANF for a limited amount of time.

states limit assistance to two years or less of college, although this could be the last two years of a four-year program. North Carolina limits subsidy payments to two years while a parent is attending school, but the state noted that some counties use state Smart Start funds to provide assistance to families during the remaining two years of a four-year degree program.

□ Several additional states do not set a specific limit on the number of years a parent can attend school, but do establish other qualifications. For example, Idaho, Illinois, Oklahoma, and Wyoming do not allow a parent to attend school beyond receiving a Bachelor's or four-year degree. Nevada requires parents to be working toward a degree. Vermont stipulates that parents must make satisfactory progress in their studies in order to remain eligible. West Virginia requires parents to maintain adequate grades and attendance.

□ A few states, including Alaska, Arizona, Montana, and Wisconsin, did not specify any particular work requirements or time limits but did mention that a parent's participation in an education program had to be part of an approved employment plan.

□ Virginia allows TANF families to be eligible for assistance while in school, but does not guarantee help to these families. Only TANF families who are working are guaranteed assistance.

## Eligibility for Child Care Assistance for TANF Parents Attending College as of March 2000

| State | Is a parent eligible for child care assistance while attending college? | Does a parent have to work while in college? | How long can a parent receive assistance while attending college? |
|---|---|---|---|
| Alabama | Yes | Not required if attending school at least 20 hours per week. If attending for fewer hours, combination of school and other activities must total at least 20 hours per week. | 2 years (can be last 2 years of 4-year program) |
| Alaska | Yes, but limited and only if part of approved employability plan | Not required | Determined by employment plan |
| Arizona | Yes | Not required | Determined by employment plan |
| Arkansas | Yes | Not required | 24 months |
| California | Yes, but limited (parent must need education for employment or must have already been enrolled in education program) | Not required | 2 years or may continue education if already enrolled |
| Colorado | Yes | Not required | 60 months |

Continued next page

47

## Eligibility for Child Care Assistance for TANF Parents Attending College as of March 2000 (continued)

| State | Is a parent eligible for child care assistance while attending college? | Does a parent have to work while in college? | How long can a parent receive assistance while attending college? |
|---|---|---|---|
| Connecticut | No | N/A | N/A |
| Delaware | Yes | Not required if participating for at least 20 credit hours a week. If participating for fewer hours, parent can make up hours needed to meet TANF requirements through participation in work study, internships, or as a research assistant. | No limit |
| District of Columbia | Yes | Not required | No limit |
| Florida | No | N/A | N/A |
| Georgia | No (but if working at least 25 hours a week, receives full-time rate and additional hours can be used to cover school attendance) | (If working at least 25 hours a week, parent receives assistance for full-time care, which can be used to cover school hours) | |
| Hawaii | Yes | Yes, 20 hours a week | No limit (until completion of education program) |
| Idaho | Yes | Not required | Until completing Bachelor's degree program |
| Illinois | Yes | Not required | No limit, but studies for a second Bachelor's degree are not allowed |
| Indiana | No | N/A | N/A |
| Iowa | Yes | Not required | 24 months (lifetime limit), up to and including a Bachelor's degree |
| Kansas | No | N/A | N/A |
| Kentucky | Yes | Not required | No limit |
| Louisiana | Yes, but limited (generally only approved if parent will finish education program in 12 to 18 months) | Not required (but state encourages parents who want to attend school while meeting minimum work requirement of 20 hours) | Generally only approved if parent will finish in 12 to 18 months |
| Maine | No | N/A | N/A |
| Maryland | Determined by jurisdiction | Determined by jurisdiction | Determined by jurisdiction |

Continued next page

48

## Eligibility for Child Care Assistance for TANF Parents Attending College as of March 2000 (continued)

| State | Is a parent eligible for child care assistance while attending college? | Does a parent have to work while in college? | How long can a parent receive assistance while attending college? |
|---|---|---|---|
| Massachusetts | Yes | Not required, but parent must participate in work-related activities for a total of 20 hours a week (12 credit hours are equivalent to 20 hours of participation) | 2 years |
| Michigan | Yes | Generally yes, 10 hours (10-10-10 Plan: parents can meet 30-hour-a-week work requirement with 10 hours of work, 10 hours of college, 10 hours of study); exceptions to work requirement for parents in concentrated education programs and those exempt from TANF work requirements | Decision made by caseworker, depends on family's Work First plan |
| Minnesota | Yes | Not required | No time limit through child care assistance program, but TANF time limit of 2 years (may be approved for the last 2 years of 4-year program) |
| Mississippi | Yes, but only if already in college (state planned to change policy to allow parents to attend school even if not already in enrolled) | Yes, 20 hours a week if child under 6, 30 hours otherwise (policy has since changed so that families enrolled full time in college—at least 12 course hours—are not required to work; part-time students must work 19 hours a week) | Not specified |
| Missouri | Yes | Not required | 1 to 4 year maximum depending on program requirements and parent's employability plan |
| Montana | Depends on county's plan for the Families Achieving Independence Program | Depends on county's plan for the Families Achieving Independence Program | Depends on county's plan for the Families Achieving Independence Program |

Continued next page

## Eligibility for Child Care Assistance for TANF Parents Attending College as of March 2000 (continued)

| State | Is a parent eligible for child care assistance while attending college? | Does a parent have to work while in college? | How long can a parent receive assistance while attending college? |
|---|---|---|---|
| Nebraska | Yes | Not required | No time limit, but TANF limited to 24 months within a consecutive 48-month period |
| Nevada | Yes | Not required, but must meet TANF requirement to be participating in activities for 30 hours a week | No time limit, but parent must be working toward degree |
| New Hampshire | Yes | Not required | 2 years (may be last 2 years of a 4-year program) |
| New Jersey | Yes | Yes, 20 hours of work a week (toward meeting the requirement of participating in activities for a total of 35 hours a week) | No limit on college itself, but 60-month time limit on TANF |
| New Mexico | Yes | Not required while participating in the Education Works component of TANF, which has a two-year limit; after reaching this limit, parents in school must work 20 hours a week | Up to a Bachelor's degree, and allowed up to 5 years to complete it |
| New York | Yes | Not required | 2 years |
| North Carolina | Yes | Not required | 2 years (but some counties use Smart Start funding to cover remaining 2 years of 4-year program) |
| North Dakota | Yes | Not required | No limit |
| Ohio | Yes, but generally limited; determined at county level | Not required, but must meet requirement for 30 total hours per week of participation in work activities, which may include schooling | Up to 3 years (county decision) |
| Oklahoma | Yes | Yes, 30 hours a week | Can receive up to a 4-year degree; TANF time limit is 5 years |
| Oregon | Yes, but extremely limited (the education must be necessary for employment) | No requirement specified, but approval for parent in college is very rare | No limit specified, but approval for parent in college is very rare |

Continued next page

## Eligibility for Child Care Assistance for TANF Parents Attending College as of March 2000 (continued)

| State | Is a parent eligible for child care assistance while attending college? | Does a parent have to work while in college? | How long can a parent receive assistance while attending college? |
|---|---|---|---|
| Pennsylvania | Yes | Not required for first 24 months, but after that must work 20 hours a week | Up to 5 years if in compliance |
| Rhode Island | Yes | Not required for first 36 months, but after that must work 20 hours a week while in school | 60 months to complete degree generally, but no limit if also working 30 hours a week |
| South Carolina | Yes | Not required | 2 years |
| South Dakota | No (state changed its policy to allow parents to be eligible while in college as of July 2000) | (Under new policy, combination of credit and work hours must equal 20 hours a week for parents of children under 6 and 30 hours for parents with children over age 6) | (Under new policy, 24 months) |
| Tennessee | Yes | Not required, but must participate in activities for a total of 20 hours a week (one additional hour of study time is counted for each hour in class) | 18 months |
| Texas | Yes | Not required | Limit varies by locality |
| Utah | Yes | Depends on family's employment plan | Must be completed within 2 years |
| Vermont | Yes | Not required | No limit as long as making satisfactory progress |
| Virginia | Yes, but not guaranteed assistance | For families in TANF VIEW (the welfare-to-work component for families subject to TANF work requirements): Yes, 8 hours a week;<br>For other families: Not required | No limit on education itself, but eligibility for TANF VIEW is 2 years |
| Washington | Yes, but limited to college programs that offer vocational education | Yes, 20 hours a week or 16 hours a week of work study | 36 months |

Continued next page

## Eligibility for Child Care Assistance for TANF Parents Attending College as of March 2000 (continued)

| State | Is a parent eligible for child care assistance while attending college? | Does a parent have to work while in college? | How long can a parent receive assistance while attending college? |
|---|---|---|---|
| West Virginia | Yes | Not required | No time limit, but parents must maintain adequate attendance and grades (minimum gradepoint average of 2.0) |
| Wisconsin | Yes | Not required, but family must comply with their Employability Plan | Determined by the Employability Plan |
| Wyoming | Yes | Not required | No limit on amount of time to complete first degree or Bachelor's degree, but not eligible for assistance for any degree beyond this |

## TANF Families and Job Training

All states allow TANF families to receive child care assistance while a parent is in job training. However, about half of the states set time limits on how long parents can continue to receive assistance while in training. Strict time limits can present a challenge for parents trying to complete training so they can get a job with decent wages that can in turn enable them to support their family.[35]

- Seven states generally limit job training to 12 months (Georgia,[36] Indiana, Kansas,[37] Louisiana,[38] Minnesota,[39] Nevada,[40] and Washington[41]).
- Twelve states limit job training to 24 months (Alabama, Arkansas, California, District of Columbia, Illinois,[42] Iowa, Missouri, New Hampshire, New York, Pennsylvania,[43] South Carolina, and Utah).
- Ohio's time limit on training is 36 months.
- Colorado, New Jersey, and South Dakota each have a 60-month time limit.
- In Texas, there is no statewide time limit on job training, but localities can set their own limits through local workforce boards that are responsible for administering the subsidy program and setting eligibility criteria and other policies.
- Twenty-seven states do not establish time limits on providing child care assistance to TANF parents in job training (Alaska, Arizona, Connecticut, Delaware, Florida, Hawaii, Idaho, Kentucky, Maine, Maryland, Massachusetts, Michigan, Mississippi, Montana, Nebraska, New Mexico, North Carolina, North Dakota, Oklahoma, Oregon, Rhode Island, Tennessee, Vermont, Virginia, West Virginia, Wisconsin, and Wyoming). Some of these states indicated that while there are no set limits, the amount of time a parent can participate in job training depends on their individual employment plan, as approved by a case manager (Alaska, Arizona, Connecticut, Florida, Montana, Oregon, Rhode Island, Vermont, and Wisconsin).

---

[35] In some of these states, the time limit on job training may be a product of time limits on TANF itself, rather than time limits that are part of the child care subsidy program.

[36] In Georgia, parents can remain eligible for child care assistance while in job training after 12 months, but only if they also work the required number of hours a week (25 hours for a single parent and 35 hours for a parent in a two-parent family). A parent can only receive assistance exclusively for training for the first 12 months.

[37] Kansas only specified this 12-month time limit for a parent participating in a vocational education program for more than 20 hours a week; there was no limit specified in cases where the parent was participating for fewer than 20 hours a week.

[38] Louisiana indicated that there may be some instances where job training beyond 12 months would be allowed with specific approval.

[39] Minnesota does not set a specific time limit, but most parents are only allowed to receive assistance while in job training on a short-term basis—generally, less than a year.

[40] Nevada's 12-month time limit applies to vocational education; there are stricter time limits for job readiness training—four consecutive weeks with a six-week maximum.

[41] Washington allows parents only 12 months of job training while receiving TANF, but they can receive child care assistance during an additional 24 months of training after leaving TANF.

[42] Illinois allows parents to continue participating in job training after 24 months, but at that point they must begin meeting a work requirement while in training.

[43] Pennsylvania allows parents to continue participating in job training after 24 months, but only if they are also working while in training.

## Eligibility for Child Care Assistance for TANF Families with a Parent in Job Training as of March 2000

| State | Is a parent eligible while in job training? | How long can a parent remain eligible while in job training? |
|---|---|---|
| Alabama | Yes | 2 years |
| Alaska | Yes | As prescribed by TANF employment plan |
| Arizona | Yes | As prescribed by TANF employment plan |
| Arkansas | Yes | 24-month lifetime limit for TEA (the state's TANF program) itself |
| California | Yes | 18 to 24 months |
| Colorado | Yes | 60 months |
| Connecticut | Yes | Must be approved by Department of Labor case manager |
| Delaware | Yes | No limit |
| District of Columbia | Yes | 2 years |
| Florida | Yes | Determined by case manager |
| Georgia | Yes | 12 months for job training exclusively; a parent can continue to receive assistance after 12 months, but only if they also work for the required number of hours a week (25 hours for a single parent and 35 hours for a parent in a two-parent family) |
| Hawaii | Yes | No limit |
| Idaho | Yes | No limit |
| Illinois | Yes | Must make satisfactory progress; work requirement after 2 years |
| Indiana | Yes | 12 months |
| Iowa | Yes | 24 months |
| Kansas | Yes | 12 months for vocational education where participation exceeds 20 hours a week; no limit specified for job skills training of 20 or fewer hours a week |
| Kentucky | Yes | No limit |
| Louisiana | Yes | Generally limited to 12 months, but some exceptions |
| Maine | Yes | No limit |
| Maryland | Yes | No limit |
| Massachusetts | Yes | No limit |
| Michigan | Yes | No limit, as long as training approved by the Michigan Works Agency |
| Minnesota | Yes | No set limit, but generally short-term (less than a year) |
| Mississippi | Yes | No limit |
| Missouri | Yes | 2 years |
| Montana | Yes | Depends on county plan and case management needs |
| Nebraska | Yes | No limit |
| Nevada | Yes | 12-month limit for vocational education; job readiness training limited to 4 consecutive weeks and 6 weeks total |
| New Hampshire | Yes | 2 years |
| New Jersey | Yes | 60-month time limit for TANF itself |
| New Mexico | Yes | No limit |
| New York | Yes | 2 years |
| North Carolina | Yes | No limit |
| North Dakota | Yes | No limit |

Continued next page

## Eligibility for Child Care Assistance for TANF Families with a Parent in Job Training as of March 2000 (continued)

| State | Is a TANF parent eligible while in job training? | How long can a parent remain eligible while in job training? |
|---|---|---|
| Ohio | Yes | 36-month time limit for Ohio Works First |
| Oklahoma | Yes | No set limit, depends on training program |
| Oregon | Yes | Determined jointly by case manager and family |
| Pennsylvania | Yes | 24-month time limit for training only; after 24 months, must also be working |
| Rhode Island | Yes | Determined by Family Independence Plan |
| South Carolina | Yes | 2 year limit for TANF itself |
| South Dakota | Yes | 60-month time limit for TANF itself |
| Tennessee | Yes | No limit |
| Texas | Yes | No statewide limit, but local boards can set their own limits |
| Utah | Yes | 24 months |
| Vermont | Yes | Determined by employability plan |
| Virginia | Yes | No limit |
| Washington | Yes | 12 months while on TANF (can participate for an additional 24 months after leaving TANF) |
| West Virginia | Yes | No limit |
| Wisconsin | Yes | Identified within Employability Plan |
| Wyoming | Yes | No limit |

## Part II: Low-Income Families

States also provide child care assistance to low-income families who have no connection to the welfare program but still need help paying for care. Low-income families who are working are eligible for assistance in every state. However, states differ as to how low they require a family's income to be for them to qualify. States also differ as to whether they provide assistance to low-income parents who are not working but are participating in training or education programs. Some states do not allow these families to qualify for assistance at all, even if families receiving TANF and participating in such activities are eligible.

### *Entitlements, Guarantees, and Prioritization for Low-Income Families*

In most states, a low-income family who is eligible for assistance has no guarantee that they will actually receive help. Rhode Island is the only state that legally entitles all eligible families, including low-income families who are not on welfare, to assistance. By law, families in this state cannot be turned away if they are eligible. A few states, including Illinois, Oregon, Vermont, and Wisconsin, have clearly indicated their intentions (through budget language, regulations, or public statements) to ensure funds will be available to serve all eligible low-income families who apply for help. In other states, eligible low-income families are not assured of receiving help and are not given as high priority as families receiving welfare or moving from welfare to work. As a result, low-income families are often placed on waiting lists for assistance (see chapter on access to assistance for eligible families for further discussion).

### *Income Limits*

A recent study found that an income under 200 percent of poverty ($28,300 for a family of three) is generally not sufficient to support a safe and decent standard of living for a family.[44] Families with incomes below this level often face significant hardships—missing meals, missing rent or mortgage payments, using the emergency room as the main source of medical care, or having their telephone disconnected because of an inability to pay bills. Yet, in many states, these families would not meet the income criteria for child care assistance.

Under federal law, states may set their income cutoff level as high as 85 percent of state median income (SMI, the income level below which half of the state's families fall). States may also choose to serve families with higher incomes using state funds. However, most states set their income eligibility cutoffs much lower than the federal limits:[45]

---

[44] Heather Boushey, Chauna Brocht, Bethney Gundersen, and Jared Bernstein, *Hardship in America: The Real Story of Working Families* (Washington, D.C.: Economic Policy Institute, 2001).

[45] Many states set their income cutoffs as a percentage of state median income or as a percentage of the federal poverty level. Yet states that take this approach vary as to when and if they adjust their income cutoffs to reflect annual updates of these guidelines. To ensure comparable data, states were asked to report their income cutoffs as a dollar amount. The analysis in this report compares those dollar figures to state median income and the federal poverty level for FY 2000.

- Only four states—Alaska, Hawaii, Maine, and New Mexico—set their income cutoffs to qualify for assistance at a level of at least 85 percent of SMI.[46]
- Thirteen states set their income cutoffs to qualify for assistance at 50 percent of SMI or lower (Alabama, Colorado,[47] Florida, Illinois, Indiana, Iowa, Maryland, Massachusetts, Missouri, New Jersey, South Carolina, Virginia,[48] and Wyoming).

Considering state income cutoffs in terms of state median income is useful for cross-state comparisons given the wide disparities among states in the cost of living. However, translating income cutoffs into dollar figures illustrates how low some states' income cutoffs are, regardless of how reasonable a state's cost of living may be:

- In 22 states, a family of three earning $25,000 a year would not qualify for any help (Alabama, Arizona, Arkansas, Colorado,[49] Florida,[50] Georgia,[51] Idaho, Illinois, Indiana, Iowa, Kentucky, Maryland, Missouri, Montana, South Carolina, South Dakota, Tennessee, Texas,[52] Utah, Virginia,[53] West Virginia, and Wyoming). Yet a family at this income level can barely afford the basic necessities.
- In seven states, even a family of three earning $20,000 a year would not qualify for assistance (Alabama, Arkansas,[54] Indiana, Iowa, Missouri, South Carolina,[55] and Wyoming).
- Only 15 states allow families to qualify for assistance with an income above 200 percent of poverty, or $28,300 a year for a family of three (Alaska, California, Connecticut, Hawaii, Louisiana, Maine, Minnesota, Nevada, New York, North Carolina, North Dakota, Oklahoma, Rhode Island, Vermont, and Washington).[56] Six of these states—Alaska, California, Maine, Minnesota, New York, and North Carolina—have waiting lists, so even though families with incomes above 200 percent of poverty are eligible for help, they may not receive it.[57]

---

[46] As of March 2000, Mississippi set its income cutoff at 85 percent of the 1999 state median income and did not adjust it for the updated state median income until later in the year. Texas allows localities to set their income limits as high as 85 percent of the state median income, but only a limited number of counties do this.

[47] In Colorado, localities set their own income eligibility limits within state parameters. Some localities may set their income cutoffs above 50 percent of SMI, but some do not.

[48] Virginia uses different income cutoffs for different areas of the state. Two of the state's three income cutoffs are below 50 percent of SMI, and the third is only barely above this level.

[49] Colorado allows localities to set their own income eligibility guidelines within state parameters—between $18,044 and $25,668 a year for a family of three. While no county was setting the income cutoff below $20,000 a year, some did set it below $25,000 a year.

[50] While Florida's main child care subsidy program sets its income cutoff at $20,820 a year, there is a small, separate Executive Partnership Program (supported by a combination of state and private business funds) that serves families with incomes up to $27,760 a year.

[51] As of March 2000, Georgia had a relatively small contract program that funded scholarships for low-income children. Families served through this component of the subsidy system only had to meet the federal income eligibility limit of 85 percent of state median income and were not subject to the lower income cutoff the state set for all other families in the subsidy program. The state discontinued this contract program as of October 1, 2000.

[52] In Texas, income cutoffs are set by local boards. Some set their income cutoff for a family of three above $25,000 a year, but many set it below this level.

[53] Virginia uses different income cutoffs for different areas of the state, and two out of three income cutoffs are below $25,000 a year for a family of three.

[54] Arkansas increased its income cutoff to $23,613 (taking into account the state's earned income deduction), as of July 2000.

[55] South Carolina has since increased its income cutoff from 125 percent of poverty to 150 percent of poverty ($21,225 a year for a family of three, based on the 2000 federal poverty level).

[56] In Texas, some counties have income cutoffs this high, but many set their cutoffs much lower.

[57] Connecticut also has frozen intake (eligible families are turned away without even having their names placed on waiting lists), but families with incomes up to $30,537 a year, or 216 percent of poverty, are still served.

### *Higher Exit Eligibility Cutoffs*

States may allow parents who are already receiving assistance to remain eligible up to an income level that exceeds the limit they had to meet to initially qualify for help. This enables parents whose incomes are rising, but still not sufficient to handle the full cost of care, to continue receiving help until they have achieved greater financial stability. While reasonable, this approach is not a substitute for initial income eligibility limits that are high enough to allow low-income families to qualify for the help they need.

Eight states have higher income limits for exiting their subsidy program than for entering it (Alabama, Florida, Indiana, Massachusetts, New Jersey, Pennsylvania, South Carolina, and Wisconsin).[58] In some cases, the exit eligibility criteria are significantly higher than the entrance eligibility criteria. For example, in Massachusetts, the exit eligibility limit is 70 percent higher than the entrance eligibility limit ($46,428 versus $27,312 a year for a family of three).

### *Income Deductions*

Several states, including Arkansas, District of Columbia, Hawaii, Illinois, Oklahoma, South Dakota, and Utah, deduct a portion of a family's income in determining their eligibility for assistance. A deduction allows for an income cutoff that, in effect, is higher than it otherwise would be.[59] For example, Illinois has a 10 percent earned income deduction, so that even though its published income cutoff for a family of three is $21,819, a family could earn as much as $24,243 a year before losing assistance. Oklahoma's adjusted monthly income cutoff for a family of three is $23,232 a year, but with the state's 20 percent earned income deduction, a family of three could receive assistance with an income as high as $29,040 a year.

Some states, including Arkansas, Illinois, Oklahoma, South Dakota, and Utah, apply the deduction to earned income only (excluding any additional payments to the family such as child support or Social Security). The deduction offers an incentive to work and can help families cover the additional expenses incurred as a result of work, such as transportation and clothing costs. The deduction may be a flat amount, as in Arkansas or Utah, or it can be a percentage of income, such as in Illinois, Oklahoma, and South Dakota. Calculating the deduction as a percentage of income helps families as they improve their employment status, since an increase in earnings will not be fully counted toward the income limits.

Hawaii's deduction applies not only to earned income, but to *all* countable income. The District of Columbia's income deduction applies to all countable income as well and the amount deducted depends on the number of children in a family.

### *Treatment of Unearned Income*

In determining whether a family meets the income cutoff for child care eligibility, states must decide what income they should count toward that cutoff. States may choose to include only a family's earnings when calculating their income or may include other sources of income, such as various forms of assistance, child support, savings, pensions, dividends, or assets. States generally count most forms of unearned income, including child support payments, retirement benefits, unemployment compensation, and interest payments. The income states include is usually regular, monthly income, and not one-time lump sum gifts or payments. Most states do not count loans or grants for college tuition or food stamps. States also typically exclude assets when determining income. However, there are exceptions to these patterns, and some states have specific exemptions for certain income.

---

[58] California, in effect, also has a higher exit eligibility limit for a certain group of families. Families who were already receiving assistance as of January 1, 1998 are eligible under the state's previous policy, which allows them to continue receiving assistance until their income reaches $45,132 a year for a family of three rather than being subject to the lower income cutoff that applies to other families. Connecticut, in practice, has a higher exit eligibility limit than its entrance eligibility limit. The state has frozen intake for all families earning above $30,537 a year for a family of three, but once a family qualifies, they can continue receiving assistance with an income up to $45,805 a year, which is the published income limit for entrance eligibility.

[59] The above comparison of state income eligibility criteria takes these deductions into account.

- Although states generally count child support received by a family, there are some states that do not count it. For example, Utah deducts $50 per month of the child support a family receives while Wisconsin excludes all child support.
- Fourteen states mentioned that they exclude child support paid out of the household (Arizona, California, Colorado, Florida, Idaho, Illinois, Maine, Maryland, North Carolina, Oklahoma, Pennsylvania, Tennessee, Virginia, and Washington).
- A few states, including the District of Columbia, Louisiana, Mississippi, and New Mexico, indicated that they do not include interest income in determining total income.
- Many states count Supplemental Security Income (SSI) payments, but 11 states, including Georgia, Kansas, Maryland, Missouri, Montana, New Mexico, North Carolina, South Carolina, South Dakota, Vermont, and Virginia, noted that they do not count it.
- Some states exempt specific forms of expenses. For example, Pennsylvania exempts certain medical expenses—generally, bills for chronic, long-term care. Maine and South Carolina allow documented medical expenses for children with special needs to be disregarded. Michigan excludes travel costs for employment.
- Most states did not report using an asset test. Assets should be considered as distinct from other forms of income because assets cannot be used toward the cost of care. Utah, however, sets an $8,000 limit on assets such as a second property and savings or checking accounts. Wyoming takes into account property, such as vehicles, to a certain extent.

## Income Eligibility Limits for Low-Income Families to Qualify for Child Care Assistance as of March 2000

| State | Maximum annual income for a three-person family (a single mother with two children) to qualify for child care assistance | State income cutoff as a percent of state median income (FY 2000)* | State income cutoff as a percent of the federal poverty level (FY 2000)* | Notes |
|---|---|---|---|---|
| Alabama | $18,048 | 45% | 128% | Families already receiving assistance can continue doing so until their annual income reaches $27,756. |
| Alaska | $44,328 | 92% | 313% | Income cutoff was calculated as a percentage of the federal poverty level that applies to the 48 contiguous states for purposes of comparison in this chart, but the federal government uses a separate, higher poverty level for Alaska ($17,690 for a family of three) because it has a significantly higher cost of living.<br>The state sets its cutoff using a projected state median income rather than the 2000 state median income. This approach is designed to ensure that the income cutoff keeps pace with the cost of living, which varies widely across the state and is particularly high in some areas. |
| Arizona | $22,908 | 58% | 162% | March 2000 income cutoff set at 165 percent of the 1999 federal poverty level. The cutoff was adjusted in July. |
| Arkansas | $19,601 | 60% | 139% | Income cutoff shown here takes into account $100 per month deduction for each working parent.<br>The state increased its income cutoff to $23,613 as of July 2000. |
| California | $33,852 | 73% | 239% | Families who were receiving assistance as of January 1, 1998 can continue doing so until their annual income reaches $45,132. |
| Colorado | $18,044-$25,668 | 36%-52% | 128%-181% | Localities set their own cutoffs within state guidelines.<br>Localities could set their cutoffs between 130 and 185 percent of the 1999 federal poverty level. The parameters for local income cutoffs were not adjusted for the 2000 poverty level until later in the year.<br>The state increased the ceiling on income eligibility to allow localities to set their cutoffs as high as 225 percent of poverty as of September 2000. |

Continued next page

## Income Eligibility Limits for Low-Income Families to Qualify for Child Care Assistance as of March 2000 (continued)

| State | Maximum annual income for a three-person family (a single mother with two children) to qualify for child care assistance | State income cutoff as a percent of state median income (FY 2000)* | State income cutoff as a percent of the federal poverty level (FY 2000)* | Notes |
|---|---|---|---|---|
| Connecticut | $45,805 | 75% | 324% | |
| Delaware | $27,768 | 52% | 196% | |
| District of Columbia | $27,921 | 59% | 197% | Income cutoff shown here takes into account annual deduction of $3,000 per child ($6,000 for two children). |
| Florida | $20,820 | 50% | 147% | Families already receiving assistance can continue doing so until their annual income reaches $25,678.<br>Income cutoff for the small Executive Partnership Program is $27,760 a year. |
| Georgia | $24,278 | 56% | 172% | |
| Hawaii | $46,035 | 94% | 325% | Income cutoff takes into account 20 percent deduction of all countable income (state's published guideline is for adjusted gross income, which equals 80 percent of gross income).<br>Income cutoff is calculated as a percentage of the federal poverty level that applies to the 48 contiguous states for purposes of comparison in this chart, but the federal government uses a separate, higher poverty level for Hawaii ($16,270 for a family of three) because it has a significantly higher cost of living. |
| Idaho | $20,472 | 53% | 145% | |
| Illinois | $24,243 | 50% | 171% | Income cutoff shown here takes into account 10 percent earned income deduction. |
| Indiana | $19,848 | 44% | 140% | Families already receiving assistance can continue doing so until their annual income reaches $25,128.<br>March 2000 income cutoff set at 143 percent of the 1999 federal poverty level. The cutoff was adjusted later in the year. |

Continued next page

## Income Eligibility Limits for Low-Income Families to Qualify for Child Care Assistance as of March 2000 (continued)

| State | Maximum annual income for a three-person family (a single mother with two children) to qualify for child care assistance | State income cutoff as a percent of state median income (FY 2000)* | State income cutoff as a percent of the federal poverty level (FY 2000)* | Notes |
|---|---|---|---|---|
| Iowa | $19,428 | 45% | 137% | March 2000 income cutoff set at 140 percent of the 1999 federal poverty level. The cutoff was adjusted later in the year. |
| Kansas | $25,680 | 58% | 181% | March 2000 income cutoff set at 185 percent of the 1999 federal poverty level. The cutoff was adjusted on May 1st. |
| Kentucky | $22,208 | 57% | 157% | March 2000 income cutoff set at 160 percent of the 1999 federal poverty level. The cutoff was adjusted later in the year. |
| Louisiana | $29,040 | 75% | 205% | |
| Maine | $34,303 | 85% | 242% | |
| Maryland | $22,463 | 40% | 159% | |
| Massachusetts | $27,312 | 50% | 193% | Families already receiving assistance can continue doing so until their annual income reaches $46,428. |
| Michigan | $26,064 | 54% | 184% | |
| Minnesota | $38,169 | 75% | 270% | |
| Mississippi | $27,999 | 79% | 198% | March 2000 income cutoff set at 85 percent of the 1999 state median income. The cutoff was not adjusted until later in the year. |
| Missouri | $17,784 | 41% | 126% | |
| Montana | $20,820 | 57% | 147% | March 2000 income cutoff set at 150 percent of the 1999 federal poverty level. The cutoff was adjusted in July. |
| Nebraska | $25,260 | 56% | 179% | |
| Nevada | $33,576 | 75% | 237% | |
| New Hampshire | $26,376 | 52% | 186% | |
| New Jersey | $28,300 | 50% | 200% | Families already receiving assistance can continue doing so until their annual income reaches $35,375. |
| New Mexico | $28,300 | 84% | 200% | |
| New York | $28,644 | 61% | 202% | |
| North Carolina | $32,628 | 75% | 231% | |
| North Dakota | $29,340 | 74% | 207% | |
| Ohio | $25,680 | 55% | 181% | March 2000 income cutoff set at 185 percent of the 1999 federal poverty level. The cutoff was adjusted in July. |

Continued next page

## Income Eligibility Limits for Low-Income Families to Qualify for Child Care Assistance as of March 2000 (continued)

| State | Maximum annual income for a three-person family (a single mother with two children) to qualify for child care assistance | State income cutoff as a percent of state median income (FY 2000)* | State income cutoff as a percent of the federal poverty level (FY 2000)* | Notes |
|---|---|---|---|---|
| Oklahoma | $29,040 | 78% | 205% | Income cutoff shown here takes into account 20 percent earned income deduction. |
| Oregon | $25,680 | 56% | 181% | |
| Pennsylvania | $28,300 | 61% | 200% | Families already receiving assistance can continue doing so until their annual income reaches $33,253. |
| Rhode Island | $31,230 | 60% | 221% | March 2000 income cutoff set at 225 percent of the 1999 federal poverty level. The cutoff was adjusted in April. |
| South Carolina | $17,350 | 42% | 123% | Families already receiving assistance can continue doing so until their annual income reaches $24,290.<br>March 2000 income cutoff set at 125 percent of the 1999 federal poverty level. The cutoff was adjusted in October.<br>The state has recently raised its income cutoff to 150 percent of the federal poverty level. |
| South Dakota | $22,113 | 56% | 156% | Income cutoff shown here takes into account 4 percent earned income deduction. |
| Tennessee | $24,324 | 60% | 172% | |
| Texas | $21,225-$34,272 | 53%-85% | 150%-242% | Localities set their own income cutoffs within state guidelines. |
| Utah | $23,928 | 56% | 169% | Income cutoff shown here takes into account a $100-per-month work deduction and a $100-per-month standard deduction. |
| Vermont | $31,032 | 71% | 219% | |
| Virginia | $21,228, $22,632, or $26,172 | 44%, 47%, or 55% | 150%, 160% or 185% | Different income cutoffs are used for different regions to reflect variations in the cost of living. |
| Washington | $31,236 | 65% | 221% | March 2000 income cutoff set at 225 percent of the 1999 federal poverty level. The cutoff was adjusted April 1st. |

Continued next page

## Income Eligibility Limits for Low-Income Families to Qualify for Child Care Assistance as of March 2000 (continued)

| State | Maximum annual income for a three-person family (a single mother with two children) to qualify for child care assistance | State income cutoff as a percent of state median income (FY 2000)* | State income cutoff as a percent of the federal poverty level (FY 2000)* | Notes |
|---|---|---|---|---|
| West Virginia | $20,820 | 57% | 147% | |
| Wisconsin | $25,680 | 53% | 181% | Families already receiving assistance can continue doing so until their annual income reaches $27,756.<br>March 2000 income cutoff set at 185 percent of the 1999 federal poverty level. The cutoff was adjusted later that year. |
| Wyoming | $18,828 | 46% | 133% | |

*States were asked to report their income eligibility cutoff as a dollar amount. Those dollar figures were calculated as a percentage of the 2000 federal poverty level (an annual income of $14,150 for a family of three) and the 2000 state median income. This allowed for comparability across states. However, note that the percentages in this table may differ from those used by states in their own materials because they may have still been using the 1999 federal poverty level or 1999 state median income as a reference point for their March 2000 income cutoff. Also note that a number of states that set their income cutoffs as a percentage of the federal poverty level or state median income adjusted their income cutoffs based on updated guidelines after March 15, 2000; our data do not reflect such changes. See notes for individual states that reported having annual adjustments that fall later in the year; there may be other states for which this issue is relevant as well, but that did not report it.

## Work Requirements for Low-Income Families

While all states allow low-income families to receive child care assistance, 18 require parents to be working or participating in work-related activities for a certain number of hours a week in order to qualify (Alabama, Arkansas, District of Columbia, Florida, Georgia, Iowa, Louisiana, Massachusetts, Minnesota, Mississippi, Montana, New Jersey, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, and Utah). The work requirement in these states ranges from about 15 hours a week to 40 hours a week.

- Montana requires families to work 60 hours a month (an average of approximately 14 hours a week).
- South Carolina and Utah each have a minimum work requirement of 15 hours a week.[60]
- Nine states—Alabama, District of Columbia, Florida, Louisiana, Massachusetts, Minnesota, Mississippi,[61] Rhode Island, and South Dakota[62]—require parents to work at least 20 hours a week.
- In Georgia and Pennsylvania, the minimum number of hours a parent is required to work each week is 25.[63]
- In Iowa, the work requirement is 28 hours a week.
- New Jersey requires 30 hours of work a week.
- In Arkansas, parents must work at least 35 hours a week.
- Tennessee requires 40 hours of work per week.

## Low-Income Parents Searching for Work

Parents need child care assistance not only when they already have a job but also while they are looking for employment. Parents searching for work need child care so that they can go through job listings, prepare and submit their job applications, and go to job interviews. It is also helpful for parents to have their child care and their child care assistance in place while looking for work so that they are able to start their job as soon as they receive a offer, rather than scurrying to arrange child care after getting the job. In addition, if a parent who is receiving assistance loses their job, it is critical to their child's well-being that the family retain assistance while they search for a new job. This makes it possible for the family to continue to afford their child's care and keep them in the same, stable arrangement.

Unlike TANF families, low-income families in *two-thirds* of the states cannot qualify for child care assistance if a parent is searching for a job when they apply for help.

- Only 16 states allow low-income parents to receive assistance while looking for work regardless of whether they were already receiving assistance when they began the search (Alaska, Colorado, Hawaii, Idaho, Indiana, Iowa, Kentucky, Massachusetts, Minnesota, Nebraska, Nevada, New Hampshire, New York,[64] North Dakota, Ohio,[65] and Vermont).
- Most states that allow families to receive assistance while searching for an initial job set limits on how long they can search. These time limits range from about two weeks to two months. Idaho does not specify any limit.

---

[60] South Carolina requires that families need child care for at least 15 hours a week. However, the parents do not necessarily have to be working for the full 15 hours—for example, they could qualify if they were working 10 hours a week and had a long commute that accounted for the remaining five hours a week.

[61] In Mississippi, students are only required to work 19 hours a week.

[62] In South Dakota, parents may qualify by working 20 hours a week or 80 hours a month.

[63] In Georgia, this is the minimum number of work hours required for single parents.

[64] In New York, a parent may be eligible for child care assistance while looking for work if the local district chooses to make this an eligible category and if the parent registers with the Department of Labor.

[65] In Ohio, counties determine whether a family would be eligible under these circumstances, and most counties do allow it.

## Eligibility for Child Care Assistance for Low-Income Parents Searching for an Initial Job as of March 2000

| State | Can a parent qualify for child care assistance if they are searching for a job when they apply? | How long can a parent receive assistance while searching for a job? |
|---|---|---|
| Alabama | No | N/A |
| Alaska | Yes | 80 hours per year |
| Arizona | No | N/A |
| Arkansas | No | N/A |
| California | No | N/A |
| Colorado | Yes | 30 days |
| Connecticut | No | N/A |
| Delaware | No | N/A |
| District of Columbia | No | N/A |
| Florida | No | N/A |
| Georgia | No | N/A |
| Hawaii | Yes | 30 days |
| Idaho | Yes | No limit |
| Illinois | No | N/A |
| Indiana | Yes | 30 days in a 6-month period |
| Iowa | Yes | 30 days in a 12-month period |
| Kansas | No | N/A |
| Kentucky | Yes | 2 weeks |
| Louisiana | No | N/A |
| Maine | No | N/A |
| Maryland | No | N/A |
| Massachusetts | Yes | 8 weeks |
| Michigan | No | N/A |
| Minnesota | Yes | 240 hours of child care per year |
| Mississippi | No | N/A |
| Missouri | No | N/A |
| Montana | No | N/A |
| Nebraska | Yes | 2 months per year |
| Nevada | Yes | Generally 30 to 60 days |
| New Hampshire | Yes | 40 days in a 6-month period |
| New Jersey | No | N/A |
| New Mexico | No | N/A |
| New York | Yes, if allowed by local district | Determined by local district |
| North Carolina | No | N/A |
| North Dakota | Yes | 30 days for each search |
| Ohio | Yes, if allowed by county | Determined by county |
| Oklahoma | No | N/A |
| Oregon | No | N/A |
| Pennsylvania | No | N/A |
| Rhode Island | No | N/A |

Continued next page

## Eligibility for Child Care Assistance for Low-Income Parents Searching for an Initial Job as of March 2000 (continued)

| State | Can a parent qualify for child care assistance if they are searching for a job when they apply? | How long can a parent receive assistance while searching for a job? |
|---|---|---|
| South Carolina | No | N/A |
| South Dakota | No | N/A |
| Tennessee | No | N/A |
| Texas | No | N/A |
| Utah | No | N/A |
| Vermont | Yes | 30 days with the possibility of extension |
| Virginia | No | N/A |
| Washington | No | N/A |
| West Virginia | No | N/A |
| Wisconsin | No | N/A |
| Wyoming | No | N/A |

States are much more likely to allow parents to be eligible for assistance while searching for a new job if they were already receiving help when they began the search. Most states (four out of five) provide child care assistance to low-income families in this situation, which gives parents the opportunity to look for work and enables children to have continuity of care while their parents are between jobs. However, many states place limitations on assistance for these families, and some do not allow them to receive assistance at all.

- Nine states make families ineligible for child care assistance while a parent searches for a new job (Alabama, Kansas, Louisiana,[66] Michigan, Oklahoma, Rhode Island, Texas,[67] Wisconsin, and Wyoming).
- Forty-two states provide child care assistance to parents who are searching for a new job (Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kentucky, Maine,[68] Maryland, Massachusetts, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey,

---

[66] Louisiana may make exceptions in a few cases, such as when there is a temporary plant shutdown and a parent expects to return to work after a short period.

[67] In Texas, local boards are allowed to serve families searching for a new job, but the state did not know of any that have chosen to do this.

[68] In Maine, parents are technically not eligible while searching for a new job. However, they are given two weeks after losing their job before assistance is stopped.

New Mexico, New York,[69] North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Utah, Vermont, Virginia,[70] Washington, and West Virginia).

- Although the large majority of states allow parents to be eligible for assistance while looking for a new job for at least a period of time, states generally set time limits on how long parents can search for a job and continue to receive help. States most commonly set the limit at 30 days, but some states have more generous time limits—for example, the time limit is approximately two months in California, Massachusetts, and Nebraska; up to three months in the District of Columbia (if the job loss was due to a reduction in force); and up to six months in New York, if allowed by the local district. Idaho sets no time limits. Other states have more restrictive policies. In Alaska, Arkansas, and Maine, parents are only allowed about two weeks for a job search. In Utah, a parent is only allowed until the end of their approved month of care to search for a job, so they could be cut off from assistance after only a few days if they happen to lose their job at the end of the month.

## Child Care Eligibility for Low-Income Parents Searching for a New Job as of March 2000

| State | Is a parent eligible for assistance if they begin searching for a new job after already receiving assistance? | How long can a parent receive assistance while searching for a new job? |
|---|---|---|
| Alabama | No | N/A |
| Alaska | Yes | 80 hours of child care per year |
| Arizona | Yes | Two 30-day "gaps in employment" allowed in each 12-month period |
| Arkansas | Yes | 10 days for each search |
| California | Yes | 60 days |
| Colorado | Yes | 30 days per 12-month period, at county option |
| Connecticut | Yes | 1 month for each search |
| Delaware | Yes | 1 month |
| District of Columbia | Yes | 3 months if job loss due to a reduction in force, 2 weeks otherwise |
| Florida | Yes | 30 days for each search |
| Georgia | Yes | 10 to 20 days for timely notice period |
| Hawaii | Yes | 30 days |
| Idaho | Yes | No limit |
| Illinois | Yes | 1 month |
| Indiana | Yes | 30 days per 6-month period |
| Iowa | Yes | 30 days per 12-month period |
| Kansas | No | N/A |

Continued next page

---

[69] In New York, parents may be eligible for assistance while searching for a job if the district defines this as an eligible category.

[70] In Virginia, it is a local option of whether to provide assistance while a parent searches for a new job.

## Child Care Eligibility for Low-Income Parents Searching for a New Job as of March 2000 (continued)

| State | Is a parent eligible for assistance if they begin searching for a new job after already receiving assistance? | How long can a parent receive assistance while searching for a new job? |
|---|---|---|
| Kentucky | Yes | 30 days for each search |
| Louisiana | No, but special exceptions are allowed, such as for a temporary plant shutdown | N/A |
| Maine | No, but given 2 weeks before assistance is stopped | 2 weeks |
| Maryland | Yes | 1 month |
| Massachusetts | Yes | 8 weeks |
| Michigan | No | N/A |
| Minnesota | Yes | 240 hours of child care per year |
| Mississippi | Yes | 30 days for each search |
| Missouri | Yes | 30 days for each search (must also comply with employability plan) |
| Montana | Yes | Until the end of the month following the job loss |
| Nebraska | Yes | 2 consecutive calendar months per year for each period of employment |
| Nevada | Yes | Generally 30 to 60 days |
| New Hampshire | Yes | 40 days in any 6-month period |
| New Jersey | Yes | 30 days for each search |
| New Mexico | Yes | 30 days |
| New York | Yes, if allowed by local district | 6 months, if allowed by local district |
| North Carolina | Yes | 30 days with a possible 30-day extension |
| North Dakota | Yes | 4 consecutive weeks for each search, annual limit of 6 weeks |
| Ohio | Yes | Determined by each county |
| Oklahoma | No | N/A |
| Oregon | Yes | 30 days for each search |
| Pennsylvania | Yes | 30 days for each search |
| Rhode Island | No | N/A |
| South Carolina | Yes | 30 days for each search |
| South Dakota | Yes | 1 month |
| Tennessee | Yes | 30 days for each search |
| Texas | Local decision, but no localities reported to be taking up this option | Local option |
| Utah | Yes | Until the end of the month of approved care |

Continued next page

## Child Care Eligibility for Low-Income Parents Searching for a New Job as of March 2000 (continued)

| State | Is a parent eligible for assistance if they begin searching for a new job after already receiving assistance? | How long can a parent receive assistance while searching for a new job? |
|---|---|---|
| Vermont | Yes | 30 days for each search, with extensions permissible |
| Virginia | Yes, at local option | 1 month |
| Washington | Yes | 4 weeks for each search |
| West Virginia | Yes | 1 month |
| Wisconsin | No | N/A |
| Wyoming | No | N/A |

Some states did not specify whether the time limit was consecutive, per search, per year, or otherwise.

### *Low-Income Families and Postsecondary Education*

Five states (Delaware, Florida, Georgia,[71] Kansas, and Rhode Island[72]) do not allow low-income parents to receive child care assistance to attend college. In the remaining states, parents in college can qualify for help, although they often face restrictions. Many states require parents to work while in college in order to receive assistance and/or set time limits on how long parents can attend school. In addition, some states that permit parents in school to qualify for assistance place a low priority on serving them. As a result, these parents may be unlikely to receive help.

#### *Work Requirements for Parents in College*

While the majority of states do not require parents to work while attending school in order to receive assistance, 10 states do require this (Arizona, Illinois, Mississippi, Montana, New Jersey, Pennsylvania, South Dakota, Utah, Washington, and Wisconsin). The minimum work requirement ranges from 10 hours a week in Illinois and South Dakota to 25 hours a week in Pennsylvania. Four additional states, while not requiring parents to work, mandate that they participate in some combination of activities for a certain total number of hours a week (Alabama, Arkansas, Louisiana, and Tennessee). If a parent in one of these states is not able to fulfill the requirement with school alone, they must make up the difference with work or training activities.

#### *Time Limits and Other Restrictions on Assistance to Parents in College*

Twenty-five states do not allow parents to receive child care assistance while in college beyond a specified amount of time or after earning a certain degree (Alabama, Arkansas, Colorado, Connecticut, District of Columbia, Idaho, Illinois, Indiana, Iowa, Maine, Massachusetts, Minnesota, Missouri, New Hampshire,

---

[71] Georgia's policy for low-income parents in school is similar to its policy for TANF parents in training, as discussed earlier. The state does not explicitly allow parents to receive assistance while in school, but a parent working at least 25 hours a week receives assistance to cover a full day of care. As a result, a parent working that many hours while attending school could, in effect, have child care assistance to cover the additional hours while they were in school.

[72] Rhode Island allows full-time care for parents working 20 hours a week, so, as in Georgia, a family working part time could use the additional hours of care to cover their school hours.

New Mexico, New York, North Carolina, Oklahoma, Oregon, South Dakota, Utah, Virginia, Washington, Wisconsin, and Wyoming). About half of these states limit parents to a four-year degree; most of the remaining states set stricter limits.

Several states set other parameters on child care assistance for parents attending school. For example:

- Seven states, California, Michigan, Montana, Nevada, Ohio, Vermont, and West Virginia, mentioned that they require parents to make adequate progress in their studies or to be in compliance with an employment plan.
- Michigan only allows low-income families to receive child care assistance while parents are in college if they are receiving food stamps or are voluntarily served by the Michigan Works Agency, which runs the state's welfare-to-work program. The agency primarily serves TANF clients, but has the option to serve other low-income families if it has the capacity.
- Pennsylvania limits families to 12 hours of child care to cover a parent's school hours.
- Washington only allows parents to receive child care assistance while in college if they are attending for vocational education such as computer training.

### *Parents in College Receive Low Priority*

Several states indicated that serving parents in school was a lower priority than serving other families. For example:

- Connecticut, while allowing parents in school to be eligible for assistance, has frozen intake for all of these families.
- Oregon serves parents in school through a small program that is only available to a limited number of families. Unlike the state's child care subsidy program for working families, which currently serves all eligible families who apply, this program for college students has a year-long waiting list.
- In Arkansas and Tennessee, which have waiting lists, college students are at the bottom of the priority list.
- Kentucky is currently serving all eligible families, but if it did not have sufficient funds to meet the demand and had to set priorities, parents in training and education would be given the lowest priority.
- In Minnesota and North Carolina, which have waiting lists, counties may set their own priorities and some place more emphasis on helping working parents than those in training or education.
- In Colorado and New York, local districts have the option of serving parents attending school, but are not required to make them eligible.

## Eligibility for Child Care Assistance for Low-Income Parents Attending College as of March 2000

| State | Is a parent eligible for assistance while attending college? | Is a parent attending college required to work in order to be eligible? | How long can a parent remain eligible while attending college? |
|---|---|---|---|
| Alabama | Yes | Not required if attending school at least 20 hours per week. If attending for fewer hours, combination of school and other activities must total at least 20 hours per week. | 2 years |
| Alaska | Yes | Not required | No limit |
| Arizona | Yes | Yes, 20 hours per week | No limit |
| Arkansas | Yes | Not required if attending at least 15 college hours per semester. If attending for fewer hours, combination of work and school hours must equal 35 hours per week. | 15 semesters |
| California | Yes | Not required | No limit as long as making adequate progress |
| Colorado | Yes, at county option | Not required | 24 months |
| Connecticut | Yes, but intake currently frozen for this group of families | Not required | 2-year degree programs only |
| Delaware | No | N/A | N/A |
| District of Columbia | Yes | Not required | 2-year degree programs only (policy has been revised since March 2000 to allow attendance at 4-year colleges) |
| Florida | No | N/A | N/A |
| Georgia | No, but parents working at least 25 hours a week can receive assistance for full-time care and can use the additional hours of care to cover school attendance | N/A | N/A |
| Hawaii | Yes | Not required | No limit |
| Idaho | Yes | Not required | 4-year degree (Bachelor's degree) |

Continued next page

## Eligibility for Child Care Assistance for Low-Income Parents Attending College as of March 2000 (continued)

| State | Is a parent eligible for assistance while attending college? | Is a parent attending college required to work in order to be eligible? | How long can a parent remain eligible while attending college? |
|---|---|---|---|
| Illinois | Yes | Yes, 10 hours per week | Studies for a second Bachelor's degree not allowed; no other limit as long as making adequate progress |
| Indiana | Yes | Not required | Up to a Bachelor's degree, but no limit on time allowed to complete it |
| Iowa | Yes | Not required | 24-month lifetime limit, up to and including a Bachelor's degree |
| Kansas | No | N/A | N/A |
| Kentucky | Yes | Not required | No limit |
| Louisiana | Yes | Not required if attending school at least 20 hours per week. A parent is eligible for any combination of work, school, and training that totals 20 hours per week. | No limit |
| Maine | Yes | Not required | 4-year program |
| Maryland | Yes | Not required | No limit |
| Massachusetts | Yes | Not required | 4 years |
| Michigan | Yes, but limited to food stamp-only recipients and families voluntarily served by the Michigan Works Agency | Not required | No limit, as long as part of agency-approved plan |
| Minnesota | Yes | Not required | Up to a Bachelor's degree, but no limit on time to complete degree, as long as in good standing and making adequate progress |
| Mississippi | Yes | Yes, 19 hours per week (Policy has since changed so that parents attending college full time do not have to work.) | No limit specified |

Continued next page

## Eligibility for Child Care Assistance for Low-Income Parents Attending College as of March 2000 (continued)

| State | Is a parent eligible for assistance while attending college? | Is a parent attending college required to work in order to be eligible? | How long can a parent remain eligible while attending college? |
|---|---|---|---|
| Missouri | Yes | Not required | 1 to 4 years depending on program and parent's employability plan |
| Montana | Yes | Yes, 15 hours per week | No limit as long as making satisfactory progress |
| Nebraska | Yes | Not required | No limit |
| Nevada | Yes | Not required | No limit as long as parent working towards a degree |
| New Hampshire | Yes | Not required | 2 years |
| New Jersey | Yes | Yes, varies by education program | No limit |
| New Mexico | Yes | Not required | Up to a Bachelor's degree, with five years allowed for completion |
| New York | Yes, at district option | Not required | 30 consecutive months |
| North Carolina | Yes | Not required | 2 years (but some counties use state Smart Start funding to cover the remaining 2 years of a 4-year program) |
| North Dakota | Yes | Not required | No limit |
| Ohio | Yes | Not required | No limit as long as education relates to parent's employment goals |
| Oklahoma | Yes | Not required | 4-year degree |
| Oregon | Yes, but served through a small program available to a limited number of families | Not required | Eligible while attending a 2- or 4-year degree program; time limit of 6 years |
| Pennsylvania | Yes, but limited to 12 hours a week of child care to cover school hours | Yes, 25 hours per week | No limit |
| Rhode Island | No, but parents working at least 20 hours a week can receive assistance for full-time care, and can use the additional hours of care to cover school attendance | N/A | N/A |

Continued next page

## Eligibility for Child Care Assistance for Low-Income Parents Attending College as of March 2000 (continued)

| State | Is a parent eligible for assistance while attending college? | Is a parent attending college required to work in order to be eligible? | How long can a parent remain eligible while attending college? |
|---|---|---|---|
| South Carolina | Yes | Not required | No limit |
| South Dakota | Yes | Yes, 10 hours per week, and total number of class hours plus work hours must equal 20 hours per week (work requirements can be waived if a parent is practice teaching or has an internship) | 4 years |
| Tennessee | Yes | Not required, but must work if needed to fulfill 40 hour-per-week work requirement (parents receive credit for 1 hour of study time for each hour of class) | No limit |
| Texas | Yes | Not required | Varies by locality |
| Utah | Yes | Yes, 15 hours per week | 24 months |
| Vermont | Yes | Not required | No limit, but must make satisfactory progress |
| Virginia | Yes | Not required | No time limit but studies must be related to obtaining employment and assistance is not provided for studies beyond a Bachelor's degree |
| Washington | Yes, but limited to vocational education programs | Yes, 20 hours per week or 16 hours per week for work study | 36 months |
| West Virginia | Yes | Not required | No limit, but parent must maintain adequate attendance and grades (for the college level, a minimum gradepoint average of 2.0) |
| Wisconsin | Yes | Yes, number of hours determined by local agency; usually 10 hours per week | 2 years |
| Wyoming | Yes | Not required | Up to a first degree or a Bachelor's degree, but no limit on length of time allowed to complete degree |

### *Low-Income Families and Job Training*

Low-income parents participating in job training can receive child care assistance in all but three states (Florida, New Jersey, and Rhode Island[73]). However, states set various restrictions on the assistance they provide to those in training programs.

- Several states, including Arizona, Illinois,[74] Kansas, Oregon, Pennsylvania, South Dakota, and Washington, require parents to work while they are in training in order to receive assistance. The requirements range from 10 hours of work a week in Illinois and South Dakota to full-time (or nearly full-time) work in Kansas and Oregon.
- Sixteen states limit the amount of time parents can receive assistance while in job training (Alabama, Arkansas, Colorado, Connecticut, District of Columbia, Georgia, Indiana, Iowa, Kansas,[75] Louisiana, Missouri, New Hampshire, New York, Texas,[76] Utah, and Washington). In most of these states, the limit on job training is one or two years, although Arkansas allows as many as five years.
- A few states place other restrictions on the availability of assistance while parents are in job training. Michigan allows parents who are food stamp-only recipients and those voluntarily served by the Michigan Works Agency to qualify while in job training, but not other low-income parents. In Minnesota, the county must approve the training as likely to lead to a job with a decent wage. Tennessee requires that the training be in occupations for which employees are in high demand. Wisconsin only allows parents to qualify if the training is provided by their employer during the hours of employment.
- In New York, allowing low-income parents to qualify for assistance while in job training is optional for local districts.
- As with parents in education programs, parents receiving job training often rank at the bottom of the priority list for child care assistance. As a result, these parents may qualify for assistance but be unable to access it in states that do not have sufficient funds to serve all eligible families. For example, Connecticut has frozen intake for all parents in job training programs.

---

[73] Rhode Island allows families to receive assistance for full-time care if the parents are working at least 20 hours a week, so some working parents may use the extra hours of care to cover their participation in a job training program.

[74] In Illinois, the work requirement only starts to apply after a parent has been in training for two years.

[75] Kansas only specified a time limit for a parent participating in a vocational education program for more than 20 hours a week; there was no limit specified in cases where the parent was participating for fewer than 20 hours a week.

[76] In Texas, time limits are set by local boards.

## Eligibility for Child Care Assistance for Low-Income Parents in Job Training as of March 2000

| State | Is a parent eligible for assistance while in job training? | How long can a parent remain eligible while in job training? |
|---|---|---|
| Alabama | Yes | 2 years |
| Alaska | Yes | No limit |
| Arizona | Yes, but must also be working at least 20 hours a week | No limit |
| Arkansas | Yes | 5 years or 15 semesters |
| California | Yes | No state limit; local agencies may set limits |
| Colorado | Yes | 24 months |
| Connecticut | Yes, but program currently frozen for parents in training | 24 months for the length of the program, but no limit on the length of time allowed to complete the program |
| Delaware | Yes | No limit |
| District of Columbia | Yes | 2 years |
| Florida | No | N/A |
| Georgia | Yes | 12 months |
| Hawaii | Yes | No set limit; duration depends on the type of program |
| Idaho | Yes | No limit |
| Illinois | Yes, but after 2 years must also be working at least 10 hours a week | Must make satisfactory progress; work requirement after 2 years |
| Indiana | Yes | 4 years |
| Iowa | Yes | 24-month lifetime limit, up to and including a Bachelor's degree program |
| Kansas | Yes, but parent must also be working at least 35 hours a week (state has since reduced requirement to 20 hours a week) | 12 months for participation in vocational education for more than 20 hours a week; no limit on participation in job skills training for less than 20 hours a week |
| Kentucky | Yes | No limit |
| Louisiana | Yes | 12 months generally, but 18 months allowed with specific approval |
| Maine | Yes | No limit |
| Maryland | Yes | No limit |
| Massachusetts | Yes | No limit |
| Michigan | Yes, but limited to food stamp-only recipients and families voluntarily served by the Michigan Works Agency | No limit |

Continued next page

## Eligibility for Child Care Assistance for Low-Income Parents in Job Training as of March 2000 (continued)

| State | Is a parent eligible for assistance while in job training? | How long can a parent remain eligible while in job training? |
|---|---|---|
| Minnesota | Yes, but training must be approved by county as likely to lead to a job with a decent wage | No limit |
| Mississippi | Yes | No limit |
| Missouri | Yes | 2 years |
| Montana | Yes | No limit |
| Nebraska | Yes | No limit |
| Nevada | Yes | No limit |
| New Hampshire | Yes | 2 years |
| New Jersey | No | N/A |
| New Mexico | Yes | No limit |
| New York | Yes, at district option | 30 consecutive months |
| North Carolina | Yes | No limit |
| North Dakota | Yes | No limit |
| Ohio | Yes | No limit |
| Oklahoma | Yes | No set limit, depends on the training program |
| Oregon | Yes, but must also be working full time or nearly full time | No limit |
| Pennsylvania | Yes, but must also be working 25 hours a week; state will pay for up to 12 hours a week for training | No limit |
| Rhode Island | No (but parents working at least 20 hours a week can receive assistance to cover full-time care, and can use the additional hours of care to cover job training) | N/A |
| South Carolina | Yes | No limit |
| South Dakota | Yes, but must also be working at least 10 hours a week | No limit |
| Tennessee | Yes, but training must be in occupations for which employees are in high demand | No limit |

Continued next page

78

## Eligibility for Child Care Assistance for Low-Income Parents in Job Training as of March 2000 (continued)

| State | Is a parent eligible for assistance while in job training? | How long can a parent remain eligible while in job training? |
|---|---|---|
| Texas | Yes | Limits set by local boards |
| Utah | Yes | 24 months |
| Vermont | Yes | No limit |
| Virginia | Yes | No limit |
| Washington | Yes, but must also be working at least 20 hours a week (or 16 if in work study) | 36 months |
| West Virginia | Yes | No limit |
| Wisconsin | Yes, but only for training provided by the employer during hours of employment | No set limit, determined by the employer |
| Wyoming | Yes | No limit |

## Part III: Low-Income Families Transitioning Off Welfare

In addition to serving TANF families and low-income families not on welfare, states also serve families who are at an in-between stage—families who have recently moved off welfare. Under the new Child Care and Development Block Grant, states are no longer required to provide a guarantee of child care assistance to these transitioning families and are no longer even required to have a separate category. Most states do continue to serve these families, and many retain the guarantee, or at least give these families high priority. However, one-third of the states do not distinguish these families from other low-income working families not on welfare.

The practical implications of these policies for transitioning families vary across states, depending on the context of the state's overall child care program. For example, some states do not have a specific guarantee targeted to transitioning families. If a state has made a commitment to providing resources for all eligible families, transitioning families will, in effect, have assurances of receiving assistance anyway. On the other hand, in states that have waiting lists, the lack of a guarantee or priority consideration poses a serious problem for families leaving TANF. These families might lose the child care help they need to retain their jobs just as they are trying to establish themselves in the workforce.

- Thirty-five states have a separate category for transitioning families (Alabama, Alaska, Arizona, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Indiana, Iowa,[77] Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Mississippi, Nebraska, Nevada, New Jersey, New Mexico, New York, Ohio, Oklahoma, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, and Wisconsin). These states apply distinct policies to transitioning families and/or give them special priority consideration.
- In 16 states, families moving from welfare to work are eligible for assistance, but they are treated the same as other families who have not recently been on welfare (Colorado, District of Columbia, Idaho, Illinois, Michigan,[78] Missouri, Montana,[79] New Hampshire, North Carolina, North Dakota, Oregon, Rhode Island, Vermont, Washington, West Virginia, and Wyoming). In most of these states, sufficient funds are available so that all eligible families—transitioning as well as other TANF and non-TANF families—are able to receive child care assistance, and the lack of a special prioritization does not currently affect transitioning families. However, in North Carolina, there are waiting lists with individual counties determining which families to prioritize, so transitioning families may be placed on waiting lists if they are not already receiving child care assistance when they move off TANF.[80]

---

[77] Iowa is phasing out its separate category for transitional assistance.

[78] Michigan tracks transitioning families separately, but does not treat these families any differently from other families. The state does have separate criteria for non-TANF families served by the Michigan Works Agency (MWA), which is responsible for the TANF program but also has the option of providing work supports to non-TANF families if funding is available. Often, the families who are voluntarily served by the agency are those who recently left TANF and are still earning low incomes—families who would typically be considered as transitional. Somewhat more flexible eligibility criteria apply to these families than other families. For example, parents served by the MWA can receive child care assistance while in job training, while other low-income families cannot.

[79] Montana has a separate Job Supplement Program for families who are eligible for but not receiving TANF cash assistance; however, there is no separate program or category for families transitioning off welfare.

[80] Washington, which does not have a distinct category for transitioning families, also has a waiting list, but only for its seasonal migrant child care program.

## *Entitlements, Guarantees, and Prioritization for Transitioning Families*

Most, but not all, of the states that have a separate category for transitioning families entitle them to or give them priority for receiving assistance:

- Seventeen states indicated that they entitle transitioning families to assistance (Arizona, Arkansas, Delaware, Georgia, Indiana, Kentucky, Maine, Massachusetts, Nebraska, Nevada, New Mexico, New York, Ohio, Pennsylvania, Tennessee, Texas, and Virginia).
- In 15 states, transitioning families are not entitled to but are given high priority for assistance—usually second or third priority, after TANF and/or protective services families (Alabama, Alaska, California, Connecticut, Florida, Hawaii, Kansas, Louisiana, Maryland, Minnesota, Mississippi, New Jersey, Oklahoma, South Carolina, and South Dakota).
- Three of the states with a separate category for transitioning families—Iowa, Utah, and Wisconsin—do not give priority to this group.

In some states that entitle transitioning families to assistance or give them priority, there is no practical effect of such consideration, because the state is currently serving all families anyway. However, many other states, including Alabama, Alaska, Arkansas, California, Connecticut, Florida, Georgia, Maine, Massachusetts, New York, South Carolina, Tennessee, Texas, and Virginia, are not able to serve all eligible families, so entitlements and priority consideration keep transitioning families off of waiting lists. This is clearly beneficial for families who depend on child care help as they move off welfare. Yet, it does not address the needs of other low-income families who are on waiting lists and need child care assistance to help them keep their jobs, pay their bills, and avoid going on welfare.

In a few states, priority consideration is not sufficient to keep transitioning families off the waiting list. Minnesota and Mississippi, which give transitioning families priority but no guarantee of receiving assistance, place some of these families on the waiting list.

Conversely, all three states (Iowa, Utah, and Wisconsin) that give no special consideration to transitioning families are serving all families, so transitioning families are not currently affected by the lack of priority status. In Wisconsin, transitioning families are actually guaranteed assistance, but this guarantee is not specific to transitioning families—it is extended to all families, including TANF families and low-income families not receiving TANF.

## *Time Limits on Transitional Assistance*

Of the 35 states that have a distinct category of transitional assistance, 24 set specific time limits on how long a family can qualify for this assistance. The length of the transitional period can be as limited as one month or as much as four years. Once their time limit is up, a family can generally remain eligible for child care assistance if they meet the criteria that apply to low-income families. However, they would not receive the same consideration that may be given to transitional families—for example, many states that guarantee assistance to transitional families do not offer this guarantee to low-income families.

- Wisconsin limits transitional assistance to one month.[81]
- Kansas and Utah limit transitional assistance to two months.
- In Pennsylvania, transitional families are guaranteed continued assistance indefinitely, but other special rules for these families only apply for six months.
- Ten states limit transitional assistance to 12 months (Alaska, Indiana, Kentucky, Maryland, Minnesota, Nevada, New Mexico, New York, Ohio, and Virginia).

---

[81] In Wisconsin, there is only one policy difference between child care assistance for transitional families and assistance for low-income families—during the transitional month, families only have to pay the minimum fee level, regardless of income.

- Tennessee limits transitional assistance to 18 months.
- Seven states have a time limit on transitional assistance of 24 months (Arizona,[82] California, Iowa, Nebraska, New Jersey, Oklahoma, and South Carolina).
- Arkansas allows three years of eligibility for transitional assistance. However, families are exempt from income limits and parent co-payments for only the first year.
- Florida allows families up to four years of transitional assistance.

Some states do not limit the length of time families can continue to receive transitional assistance once they qualify, but limit the amount of time families have to *apply* for the assistance after leaving TANF. For example, Alabama requires families to apply within six months after their TANF case closes. Hawaii gives families a 12-month window after exiting TANF due to work or earnings to request transitional assistance. Similarly, Massachusetts requires families to apply for transitional assistance within one year of TANF case closure, but once families begin receiving the assistance they can continue to receive it indefinitely as long as they meet income guidelines.

### Differences in Income Criteria for Transitioning Families

States vary as to whether they require transitioning families to meet the same income limits as other families in order to qualify for assistance. Most states use the same income limits for all families. Yet, several states set more generous income eligibility criteria for transitioning families. This approach may be used to give families trying to move off welfare an opportunity to attain greater stability in their jobs and income before ending child care assistance and leaving the family to pay the full cost of care on their own. At the same time, it may not be equitable for families at similar income levels who are not eligible because they never received TANF.

- In five states, families are eligible for assistance without regard to income for at least a portion of the transitional period. In Kansas and Utah, there is no income cutoff for two months of transitional assistance. In New Mexico, there is no income limit for transitioning families for one year. In Arkansas, a family is also eligible without regard to income for the first transitional year, although they must meet the low-income cutoff for the second and third years. In New Jersey, transitioning families who are working are not subject to any income cutoff for 24 months.
- In four states, the income eligibility limit for transitioning families is higher than that for other families (Hawaii,[83] Kentucky, Pennsylvania,[84] and South Dakota). In addition, while Connecticut technically sets the income cutoff at the same level for all families—$45,805 per year—the state is not able to serve all eligible families and has closed intake to any low-income family earning above $30,537 per year. However, transitioning families can still receive assistance up to the maximum published income cutoff. As a result, the income eligibility limit for transitioning families is, in practice, higher than that for low-income working families.

---

[82] Although Arizona's transitional assistance is technically limited to 24 months, there is no real change experienced by a family at the end of that 24-month period. They follow the same policies, and families already receiving subsidies are assured of continued assistance as long as they meet other eligibility requirements.

[83] Hawaii is in the process of changing its income limits so that the same criteria will apply to all families, including transitioning families.

[84] Pennsylvania's income cutoff for transitioning families is higher than the income cutoff for low-income families when they initially apply for assistance, but it is the same as the exit eligibility cutoff for families already receiving assistance.

- In Texas, where localities set their own income guidelines, about half set higher income limits for transitional assistance, while the rest use the same income cutoffs as for other low-income families.
- Twenty-four states, while having a separate category for transitioning families, use the same income cutoffs for these families as for low-income working families (Alabama, Alaska, Arizona, California, Delaware, Florida, Georgia, Indiana, Iowa, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Mississippi, Nebraska, Nevada, New York, Ohio, Oklahoma, South Carolina, Tennessee, Virginia, and Wisconsin.)[85]
- Sixteen states, as discussed earlier, do not have a separate category for transitioning families.

### *Differences in Categorical Criteria for Transitioning Families*

States differ as to whether they will provide child care assistance to transitioning families while a parent is searching for a job, attending college, or participating in training, or whether they will only provide assistance if a parent is working. Transitioning families in each state are generally subject to the same policies that apply to other low-income families, as discussed in the previous section. In some states, though, the policies for transitioning families are different from those for non-TANF, low-income families.

There is no clear pattern to these differences. In certain cases, policies are more generous to transitioning than low-income families, while in other cases, they are less generous. For example, some states only allow transitioning families to receive child care assistance while a parent is working and not while in education or training even if other parents would be eligible if participating in these activities. Other states set more flexible criteria for transitioning families that give them a full opportunity to receive assistance while searching for a job, participating in training, or attending college. This enables transitioning families, as new entrants into the workforce, to find good jobs with decent wages. When policies for transitioning families diverge from those for low-income families, they may follow the policies for TANF families or may be entirely distinct.

Several states, including Delaware, Florida, New Jersey, Pennsylvania, Tennessee, and Texas, have policies that allow transitioning families to receive assistance while participating in a broader range of activities than is allowed for low-income families. The policies for transitioning families are still more restrictive than the policies for TANF families in most of these states, but in New Jersey the policies for transitioning families are less restrictive.

- In Delaware, transitioning parents are eligible for child care assistance while in college if they had already started attending school while receiving TANF. All TANF parents can also receive child care help to attend college. In contrast, low-income, non-TANF parents cannot receive assistance while in school.
- In Florida, transitioning families can receive assistance while a parent is in training, but only through a specific transitional education program and parents are generally required to be working an average of 30 to 40 hours a week at the same time. In comparison, TANF parents are allowed to receive assistance during job training, with no requirement that they also be working. Non-TANF, low-income parents cannot receive any assistance while in training.
- In New Jersey, transitioning parents are not required to work any particular number of hours per week to qualify for assistance, although they are encouraged to work at least 20 hours a week. TANF parents must work 35 hours a week, and non-TANF low-income parents must work 30 hours a week.

---

[85] In Indiana and Ohio, the income limit for transitioning families is actually lower than the income limit for low-income working families. When a family reaches the income cutoff for transitional assistance, they are no longer eligible for the special status accorded transitioning families, which includes a guarantee of assistance. However, the family remains eligible for assistance if they meet the income criteria for low-income families and, even without the guarantee, would still receive assistance because both states are currently serving all eligible families who apply.

- In Pennsylvania, transitioning families are initially only required to work the same number of hours they were working while on TANF. After six months, transitioning parents must work at least 25 hours a week, the same requirement that applies to low-income parents. TANF parents are not required to work a minimum number of hours per week.
- In Tennessee, transitioning parents, like those receiving TANF, are only required to work 20 hours a week, compared with 40 hours for low-income parents. The state also allows transitioning parents to search for an initial job for up to four weeks (which is less than the eight weeks allowed for TANF families, but more generous than the policy for low-income parents, who are not eligible at all during a job search unless they were already receiving child care assistance when they lost their job).
- In Texas, transitioning parents can have up to four weeks to look for work while receiving child care assistance. This compares favorably to the policy for low-income parents, who are not given any time to search for a job, but does not provide as much flexibility as allowed for TANF parents, who can search for a job as long as their case is open.[86]

In contrast, several states, including Alabama, Arkansas, Connecticut, Indiana, Minnesota, New Mexico, New York, South Carolina, and Virginia, have more restrictive eligibility criteria for transitioning families than for low-income families. Some of these states only allow transitioning families to receive assistance while working because by definition this category is reserved for families who have worked and earned their way off TANF. A parent who recently left TANF might still be able to qualify for assistance while searching for a job, attending school, or training for a job, if the state allowed low-income families to qualify while participating in these activities. However, the family would have to apply as a low-income family and would not be granted any special status accorded to transitioning families.

- Alabama allows low-income and TANF families to qualify for child care assistance while a parent participates in education or training, but to qualify as a transitional family, the parent would have to be working.
- In Arkansas, a parent is eligible for assistance while in a training or education program if they are receiving TANF or are in the low-income category, but not while they are in the transitional stage.[87]
- In Connecticut, TANF families are eligible to receive assistance while a parent is in training and low-income families are eligible to receive assistance while a parent is in training or education (although the subsidy program is currently closed to low-income families participating in these activities). However, transitioning families are not eligible for assistance at all while a parent is in training or in school.
- Indiana allows low-income, non-TANF families to receive assistance for a parent to participate in education and training up to a four-year undergraduate degree, but limits TANF and transitioning families to 12 months of education and training.
- Minnesota allows TANF families to receive assistance during short-term job training and low-income families to receive assistance while a parent attends job training if allowable under the county's job training plan, but does not allow transitioning families to receive any assistance while a parent is in job training.
- New Mexico allows parents in the Education Works component of TANF and low-income parents

---

[86] Texas allows local boards to provide assistance to low-income families looking for work if they were already receiving assistance when they lost their job. However, no local board currently permits families to qualify under these circumstances.

[87] In Arkansas, the work requirements for transitioning families—in contrast to the policies on training and education—are somewhat more generous than those for low-income families. Transitioning families are only required to work a minimum of 30 hours a week, while low-income families must work 35 hours a week. However, the requirement for transitioning families is still much more restrictive than that for TANF families, who are not subject to any work requirement.

to receive assistance while attending school even if they are not working, but only permits transitioning families to receive help if they are also working 20 hours a week.

- In New York, local districts can allow TANF and low-income families to receive assistance while a parent searches for a job, attends school, or participates in training activities, but the transitional assistance category is reserved for families who are working.
- South Carolina allows all families to receive assistance while a parent attends school, but only transitioning parents are required to work at least 15 hours a week at the same time. In addition, although TANF and low-income families can receive assistance while a parent is in training, transitioning families cannot.
- In Virginia, TANF and low-income families can qualify for help while a parent searches for a job, attends school, or participates in a training program, but transitioning families cannot.[illegible] Families are only eligible for transitional assistance if they are working.

---

[illegible] Virginia does set some restrictions on low-income parents' eligibility for assistance while looking for work. A parent must have already been receiving assistance when they began their job search, and the locality must permit parents looking for work to qualify.

# Part IV: Special Populations

In addition to serving families receiving TANF, families transitioning off TANF, and low-income families with parents who are working, in training, or in education, states often help other groups of families who may need child care for specific purposes or whose circumstances warrant special consideration. These may include children in protective services, foster families, families in crisis, teen-parent families, families whose children have disabilities or other special needs, and/or seasonal migrant workers. Child care assistance can be a crucial support for these families. It can enable teen parents to complete their high school education. It can help relieve the stress of families where a child is at risk of abuse or neglect. It can also lessen the financial burden for foster parents, helping to eliminate a barrier for families willing to take in foster children.

A number of states either have separate programs for these families or serve these families within the main child care program but apply distinct policies that respond to their unique needs. In addition to eligibility policies, several states also tailor their parent co-payment and reimbursement rate policies to address the circumstances of these families; such policies are discussed in following chapters.

## *Children in Protective Services and Foster Care*

Over two-thirds of the states have child care programs that give distinct consideration to children with difficult family situations, either through a separate program or priority consideration within the general child care program.

- Sixteen states have separate programs for children in the child protective services (CPS) system who have experienced abuse or neglect (Alaska, Arkansas, Colorado, Illinois, Iowa, Louisiana, Massachusetts,[89] Missouri, New Hampshire, New Mexico, North Dakota, Ohio, Rhode Island,[90] Tennessee, Washington, and Wyoming). In some cases, this category includes not only children who have an open case with a substantiated report of abuse or neglect, but also those who are *at risk* of abuse or neglect and need help as a preventive measure. It may include children who are placed in foster care as well. These programs are generally run by the child welfare or child protective services agency. They are often primarily funded by the Title XX Social Services Block Grant, rather than by the Child Care and Development Block Grant.
- A number of states do not have a separate category for children in protective services, but give them high priority within their general child care program. Seven states give first priority to children in protective services (Alabama, California, District of Columbia, Florida, Hawaii, Kentucky, and New Jersey). Eight other states give high priority to these children, often placing them just below TANF and transitioning families in the order of priorities (Arizona, Kansas, Maine, Mississippi, South Carolina, South Dakota, Texas, and Vermont). In addition, North Carolina allows county departments of social services to determine priorities, and some may give high priority to children in protective services.

---

[89] In Massachusetts, the Office of Child Care Services administers most of the child care assistance policies for children in protective services, but the child protective services agency authorizes the child care.

[90] In Rhode Island, the child care agency still manages the payment process, but the child protective services agency determines eligibility for CPS families and their child care assistance is supported through a separate funding source.

- Several states have programs for other groups of families facing difficult situations. Minnesota has a Crisis Nursery program for short-term, emergency care and an Adoption Assistance child care program to help families adopting children with special needs or circumstances. Oregon has a small, targeted program for parents in alcohol and drug treatment.
- A few states have separate categories within their child care program for particular groups of families in crisis. Connecticut gives priority to pregnant mothers who are in state-approved substance abuse treatment programs and who are not receiving TANF. Maine serves families in transitional housing due to domestic violence, parents in substance abuse treatment, and refugees. New Jersey provides short-term assistance to TANF families with special needs, such as a serious mental or physical disability or a death in the family. Similarly, Rhode Island provides special approval care to TANF families in cases where the physical or emotional condition of the parent or child significantly impacts child rearing. This care is provided on a short-term basis while the state seeks a long-term solution. West Virginia also has a category for providing emergency assistance to families in cases of illness or catastrophic situations.

### *Categorical Eligibility Criteria*

Child care assistance is usually offered to protective services families for purposes related to their protective services needs. Children in protective services may require therapeutic care to address the physical, emotional, or developmental problems that can arise as a result of abuse or neglect. Parents of these children may also need child care so that they can attend parenting classes, therapy, or counseling. In many cases, any requirements that are part of the general child care program that parents be working or attending school or training do not apply to these families. Instead, a family's eligibility for child care assistance is based on a referral from their protective services caseworker.

- At least 36 states (Alabama, Alaska, Arizona, Arkansas, California, Delaware, District of Columbia, Georgia, Hawaii, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Massachusetts, Mississippi, Missouri, Montana, Nevada,[91] New Hampshire, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Rhode Island, South Carolina, Tennessee, Texas, Vermont, Virginia, Washington, West Virginia, and Wyoming) waive any requirements for work, training, or education for families whose need for child care is defined as part of their protective services case plan.
- Although many states exempt protective services families from work requirements, a number of these states set time limits on eligibility for protective services child care (or protective services itself). For example, in Louisiana, protective services cases are typically only open six to 12 months. Massachusetts sets a time limit of 12 months, unless an extension is authorized by the Child Protective Agency. In New Hampshire, services are usually limited to a year for CPS families. North Carolina has a 12-month limit, although the state allows the possibility of a 12-month extension. Wyoming has a six-month limit, unless an extension is authorized.
- A few states, including Alaska and Wyoming, noted that protective services child care is only provided short term and is intended primarily for reasons specially related to the protective services need, and not, for example, so that a family in the protective services system can work full time.
- A few states, including Oregon and Pennsylvania, explicitly mentioned that they do not exempt protective services families from work requirements at all.

---

[91] Nevada does not give a blanket waiver to all families in protective services, but the usual eligibility criteria can be waived in special circumstances.

### *Income Eligibility Criteria*

In addition to waiving requirements for participation in work, education, or training activities, about two-thirds of the states also waive income eligibility requirements for protective services families to qualify for child care assistance in some or all cases.

- Twenty-five states exempt all protective services families from income eligibility limits (Alaska, California, Delaware, District of Columbia, Hawaii, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Michigan, Missouri, Nebraska, New Hampshire, New Mexico, New York, North Carolina, North Dakota, Ohio, Rhode Island, South Carolina, Tennessee, Texas, and Vermont). In addition, South Dakota only counts the child's income, not the parent's. Since the child typically has limited if any income, they are likely to meet the state's income guidelines.
- Several states do not waive income limits for all CPS families, but allow them to be waived on a case-by-case basis (Alabama, Arizona, Georgia, Massachusetts, Montana, Oklahoma, Washington, and West Virginia). It is generally the family's protective services caseworker who makes the determination. In some states, such as Arizona, waiving the income limit for CPS families is very common and is done in all or nearly all cases. However, other states such as Alabama and Oklahoma indicated that this is done on a more limited basis and for only a certain period of time.

Similarly, half of the states have income eligibility policies for foster families that make it easier for them to qualify for child care assistance.

- Twelve states waive the income criteria for foster families entirely (Arizona, District of Columbia, Hawaii, Louisiana, Michigan, Mississippi, Missouri, Nebraska, New York, Pennsylvania, Vermont, and Washington[92]).
- Twelve states do not count the foster parents' income (Alabama, Connecticut, Delaware, Maine, Massachusetts, Nevada, North Carolina, Oklahoma, South Carolina, South Dakota, West Virginia,[93] and Wyoming). This leaves only the child's income, which is a limited amount if not zero, making it likely the family will meet the income criteria. (In some cases, the child's income includes the foster board payment, but this is a very small amount that would fall below a state's income cutoff anyway. A few states, such as Alabama and South Carolina, exempt this income too.)

### Teen Parents

Many states have distinct programs or policies for teenage parents. These policies are generally designed to provide child care while the teens are in school, offering them an incentive and opportunity to complete their high school degree, which greatly improves their future employment prospects.

- Teen parents are served by separate programs in five states, California, Florida, Massachusetts, North Dakota, and Oregon. Some of these states have particularly noteworthy programs. Florida entitles all teen parents in middle and high school to participate in a program offering comprehensive services, including child care as well as parenting classes and other supports. Massachusetts contracts with teen programs across the state to provide teens with the supports they need to obtain their high school degree or GED. Teens attend academic and parent education classes and have access to on-site child care. Teen parents are eligible for assistance as long as they are enrolled in the teen-parent program and working toward their high school diploma.

---

[92] Washington noted that the income criteria are only waived for determining the eligibility of the foster child and not for any of the foster parents' own children. This may be the case in other states as well.

[93] West Virginia noted that the foster parents' income is only excluded when determining the eligibility of the foster child and not for any of the foster parents' own children. This may be the case in other states as well.

- South Carolina has a contract agreement with an alternative school for teen parents and pregnant teens. The school provides academic, living skills, and parenting education classes as well as on-site child care to help parents obtain their high school degree or GED. The agreement allows group eligibility for teen parents enrolled at the school—teen parents are eligible for child care assistance based on their attendance at the school and do not have to go through a separate eligibility determination process.
- At least 10 additional states give very high priority within their general child care subsidy programs to serving teen parents (Alabama, Alaska, Connecticut, Georgia, Kentucky, Maine, Mississippi, New Mexico, New York, and South Dakota).

### *Categorical Eligibility Criteria*

A number of states set specific criteria that teen parents must meet in order to be eligible for child care assistance. Most states do not require teens to meet the work requirements that apply to older parents if the teens are in school. A few states establish other criteria unique to this group of families.

- Arkansas requires teen parents to reside in a home with an adult. Similarly, Wisconsin requires minor teen parents to be in a supervised living arrangement.
- North Dakota's Crossroads program for teen parents only serves those who are *not* receiving TANF.
- Rhode Island requires teen parents to participate in Adolescent Self Sufficiency Collaborative (ASSC) approved activities. The ASSCs provide intensive case management and help teens complete high school or receive their GED. The state also requires teen parents to live in a supervised living arrangement. The New Opportunity Homes program helps pregnant teens and new teen mothers fulfill this requirement by offering safe, supervised housing alternatives in six different communities.

### *Income Eligibility Criteria*

Some states have more flexible income criteria for teenage parents than for other parents. A few set higher income cutoffs or waive income requirements entirely. A number of states disregard the income of the parent of a teen parent (the grandparent of the child in care). These states make it easier for teen parents to qualify, especially if the teen is in high school and not working, because then they would have no income and certainly meet the income cutoff.

- At least five states completely disregard the income of teen parents in high school (California, District of Columbia, Florida, Minnesota, and North Dakota). In addition, Vermont waives income requirements for teen parents on a case-by-case basis.
- Tennessee sets a higher income cutoff for teen parents than for other parents. The income cutoff for teen parents is 75 percent of state median income, or $30,394 a year for a family of three, while the basic income cutoff is 60 percent of state median income, or $24,324 a year for a family of three.
- In Texas, where local boards set their own income guidelines, about half of the localities set higher income cutoffs for teen parents than for other parents. For example, several localities set the basic income cutoff at 150 percent of poverty ($21,225 a year for a family of three), but serve teen parents earning up to 75 percent of state median income ($30,244 a year for a family of three).

- At least 16 states do not count the income of the parent of a teen parent (Delaware, Florida, Iowa, Kansas, Kentucky, Maine, Missouri, Montana, New Hampshire, New Mexico, North Carolina, Oklahoma, Rhode Island, South Dakota, Vermont, and West Virginia). On the other hand, several states specifically noted that they do count the income of the parent of a teen parent if they are living in the same household (Alabama, Arkansas, Maryland, Nevada, Pennsylvania,[94] Texas, and Virginia). Arizona counts a portion of the income of a teen parent's own parent, depending on their income level and the number of children they are responsible for supporting in addition to the teen.

## Children with Disabilities and Other Special Needs

A number of states make it easier for children with disabilities and other special needs to receive assistance by giving them priority consideration and offering more generous eligibility standards. This indicates a recognition of how difficult it is for families to find care for children with special needs. It also reflects the states' awareness that families often face additional expenses when raising a child with special needs and are likely to be in greater need of help paying for care.

### *Priority Consideration*

Several states attempt to increase the likelihood that children with special needs eligible for assistance will receive it by including them among the groups to receive top consideration for help or through other strategies.

- Arkansas and Maine each list children with special needs as their foremost priority.
- In 12 additional states—California, Delaware, Georgia, Hawaii, Michigan, Mississippi, New Mexico, New York, South Dakota, Tennessee, Washington, and Wyoming—children with special needs are one of the groups given high priority. In these states, children with special needs are not necessarily the first or only priority group, but if a waiting list is established at any point, these children receive assistance before low-income families without special circumstances.
- South Carolina has a specific set-aside for a grant with the Department of Disabilities and Special Needs. Families apply for assistance through this department, which is responsible for eligibility determination.
- In Virginia, the Department of Social Services, which administers the child care subsidy program, has a contract with the Department of Mental Health to serve children with special needs and their families. This does not prevent families from applying through the main child care program, but it offers an alternative way to come through the door. The policies for child care assistance provided through this contract are the same as those for the general subsidy program.[95]

### *Income Eligibility Criteria*

While most states apply the same income eligibility limits for all families including those who have children with special needs, three states set higher income cutoffs:

- In Georgia, a family of three who has a child with special needs can qualify for assistance with an income of up to $28,013 per year, compared with the standard income cutoff for a family of three of $24,278 per year.
- In Massachusetts, a family of three who has a child with special needs can qualify for assistance with an annual income of up to $46,428 (compared to an annual income cutoff of $27,312 for other families) and can remain eligible for assistance with an annual income of up to $54,612 (compared to $46,428 for other families).

---

[94] Pennsylvania changed its policy as of April 15, 2000 so that the income of the teen's parent is no longer counted.

[95] The state has a similar contract with the Department of Housing and Community Development to serve homeless children.

- Tennessee allows families with children who have special needs to qualify with incomes up to $30,396 for a family of three, compared with $24,324 for other families. In addition, the state does not require parents of children with special needs to meet the work requirements that apply to other parents receiving child care assistance.

*Age Limits for Children with Special Needs*

While federal funds provided through the Child Care and Development Block Grant generally cannot be used to serve children over age 13, the program's rules allow states to serve older children if they have special needs. Nearly all states take advantage of this provision, setting higher age limits for these children. Most states permit children with special needs to remain eligible up to age 18 or 19, recognizing that they often continue to need supervision into their teenage years.

- In California, children with special needs can be served up to age 22 with state-funded components of the program. (The age cutoff for children with special needs in federally funded components is 18.)
- Twenty-five states serve children with special needs up to age 19 (Alabama, Alaska, Colorado, Connecticut, District of Columbia, Idaho, Illinois, Iowa, Kansas, Michigan, Missouri, Montana, Nebraska, Nevada, New Jersey, New York, North Dakota, Oklahoma, Pennsylvania, Rhode Island, South Carolina, South Dakota, Vermont, Washington, and Wisconsin).[96]
- Twenty-one states set the age at which children with special needs are no longer eligible at 18 (Arkansas, Delaware, Florida, Georgia, Hawaii, Indiana, Kentucky, Louisiana, Maine, Maryland, Mississippi, New Hampshire, New Mexico, North Carolina, Ohio, Oregon, Tennessee, Utah, Virginia, West Virginia, and Wyoming).
- In Massachusetts, the age limit for children with special needs is 16.
- In Minnesota, children with special needs are served up to age 14.
- Texas offers localities the option of serving children with special needs up to age 19, but only two local boards take up this option. The remaining localities set the age limit for children with special needs at 13, the same age limit used for all other children.
- Arizona does not set a higher age limit for children with special needs; instead, these children are ineligible at age 13 like all other children.

## Migrant Child Care

Several states—California, Florida, Minnesota, New York, Oregon, Washington, and Wisconsin—specifically mentioned migrant families as one of the groups eligible for child care assistance. These families engage in seasonal, agricultural work. Given the fluctuating nature of their work, they have very complex child care needs.

Wisconsin blends funding to serve migrant families with other sources of funds for child care, allowing migrant families to receive child care assistance through the same unified child care program as other families. Similarly, in Florida, migrant families seeking child care assistance appear to be treated the same as other eligible families.

The remaining five states have separate programs targeted toward migrant workers:

- California has 25 Migrant Child Care programs serving children of migrant workers while their parents are at work.
- Minnesota's Migrant Child Care program supports approximately 15 centers that provide comprehensive child care services similar to those offered by Head Start. The program serves migrant families and children who come to Minnesota during the summer months to do agricultural

---

[96] In Colorado, Montana, New York, and South Dakota, children must still be in high school for them to be eligible up to age 19; otherwise, the age limit is 18.

work. The families must meet the income eligibility criteria used for the Title XX Social Services Block Grant (SSBG).

- New York has a substantial special child care program for migrant and other farm workers. A combination of CCDBG and state tax levy funds are used to support a statewide network of child care centers and subsidize the cost of this care.
- Oregon has specific contracts designated for providers serving migrant families. Families receiving assistance through these contracts, which are funded by the CCDBG, must only meet the federal income eligibility limit of 85 percent of state median income, not the stricter state income requirements.
- Washington has a separate Seasonal Workers Child Care program. The program uses the same income eligibility cutoff as the main child care program, but family income is counted differently. For seasonal workers, average income over the previous 12 months is considered, rather than just income over the past month. This is an important provision, since the amount a migrant family receives in each of the months they are working may exceed the monthly income eligibility cutoff, but the family may not be able to find work during the off-season and therefore may receive only a limited income for the remainder of the year.

### Older Children

Federal law prohibits Child Care and Development Block Grant funds from being used to serve children ages 13 or older, unless they are physically or mentally incapable of self-care or under court supervision. However, there is nothing to prevent states from using their own funds to serve older children. Two states—California and Rhode Island—have chosen to do this, recognizing that child care assistance for older children can help them have access to after-school activities that keep them safe and offer enriching learning experiences. California allows all children to remain eligible up to age 14 and Rhode Island serves children up to age 16.[97]

As discussed earlier, children with special needs above age 13 are eligible for assistance under federal law, and most states set the age limit for this group at 18 or 19. Children over age 13 who are under court-ordered supervision or have other special circumstances can also be eligible under federal law and are served in many states.

---

[97] Other states may have separate programs targeted to school-age care for older children. For example, New York, using TANF and state tax levy funds, has created the Advantage school program, which provides after-school care to children up to high school graduation. The state's ultimate goal is to enable every school district in the state to offer these services if they choose to do so.

# Access to Child Care Assistance for Eligible Families

Eligible families should be able to receive the child care help they need without having to overcome a series of additional barriers. Yet, in actuality, meeting eligibility criteria is just one of the many hurdles families encounter as they try to obtain child care assistance. Many families are not able to overcome these hurdles, and fail to get the benefits for which they are eligible.

One-third of the states report that they are unable to serve all eligible families who apply for assistance due to inadequate resources. Even those states that can serve all eligible families who apply are by no means reaching all families who need assistance. Families are often not aware that they can receive help paying for child care. Most states are doubtful that they could serve all eligible families even if they did know. States' struggles to meet the demand for assistance will only intensify as families receiving welfare become subject to stricter work requirements. States might find it necessary to shift funds from child care assistance for low-income working families to families trying to move off welfare so that they can afford the child care that makes it possible for them to seek and maintain employment.

Even if families are able to apply for and begin receiving assistance, some states set up administrative roadblocks to receiving help on an ongoing basis. Requirements for frequent recertification of their continued eligibility for child care pose a significant burden for low-income families, particularly if parents must recertify in person at the child care agency. Given that their low-wage jobs typically offer little flexibility, these parents find it extremely challenging to take time off during the workday without jeopardizing their job. Families may also risk losing assistance as they move from welfare to work and their eligibility category changes. If child care assistance for welfare, transitioning, and low-income families are each handled as separate programs or by separate agencies, and these different components are not closely coordinated, a family may have their assistance discontinued as they transfer from one category to another. Instead of being guided through this process, families are often expected to find their own way through the maze of confusing, contradictory rules and policies. This can lead families to lose assistance and, as a result, disrupt their child care, depriving their children of the secure, stable environment they need.

Families may face particular obstacles to gaining access to and remaining eligible for assistance if they rely on multiple early care and education programs to meet their needs. Many families who work full time want their children to benefit from a Head Start or prekindergarten program, but these programs often operate only part day. As a result, these families must find wrap-around child care for the remaining hours of the workday. Yet, it is often difficult to comply with multiple conflicting rules and policies for child care assistance, Head Start, and prekindergarten. Some states have made efforts to lessen this burden for families by coordinating their eligibility policies for the various programs. This approach is also beneficial because it is built around a child's need for a consistent, stable care setting.

## Serving Eligible Families Who Apply for Assistance

Most states do not offer any guarantee that all families eligible for child care assistance will receive help when they apply. If a state does not have sufficient funds, there is nothing to prevent it from placing families in need of assistance on waiting lists or freezing intake altogether. States usually ensure that families trying to move from welfare to work have child care assistance, but in most cases this guarantee does not extend to low-income families not connected to the welfare program.

A few states have taken steps to offer additional assurances that funds will be available to support child care assistance for all eligible families who apply, regardless of welfare status.

- Rhode Island has established a legal entitlement to assistance for all eligible families. This means that eligible families who apply for assistance will receive it and cannot be turned away. In Rhode Island, an eligible family who does not receive the benefits to which they feel they are entitled would generally petition to the Department of Human Services through a formal appeals process for resolution of the issue. If it is determined that the department did not follow established policies appropriately, the state would pay assistance back to the receipt date of the original application. A parent who exhausts the department appeals process and still feels they have been unfairly denied help would have the right under the entitlement to continue their appeal through the court system.
- Oregon has provisions in its regulations indicating that working families who are eligible cannot be placed on waiting lists.[illegible]
- Vermont's budget language requires the agency responsible for the child care subsidy program to seek additional funds from the legislature before capping any services.
- A few states, including Illinois and Wisconsin, although not adopting any legal or regulatory provisions, have explicitly stated their commitment to serving all families who apply for help and meet the income eligibility criteria. These states have worked to budget sufficient funds so they will be able to assist all eligible families who apply.

While they serve all families who are eligible and apply for help, some of these states limit that pool of eligible families by setting more restrictive criteria than other states. For example, Illinois has one of the lowest income cutoffs in the country when considered as a percentage of state median income. Rhode Island is one of only three states that does not allow a low-income parent to qualify for child care assistance in order to participate in job training. Rhode Island and Wisconsin are two of only nine states that do not provide assistance to a family while searching for a new job.

---

[illegible] Oregon does not provide a similar guarantee for parents in postsecondary education programs. These families may be placed on waiting lists.

Without any guarantee of assistance, many eligible families who apply for help are turned away in other states. Seventeen states have waiting lists or frozen intake.

- Fifteen states had waiting lists for low-income working families as of March 2000 (Alabama, Alaska, Arkansas, California, Florida, Georgia, Maine, Massachusetts, Minnesota, Mississippi, New York,[99] North Carolina, Tennessee, Texas, and Virginia).[100]
- Two states had frozen intake for some families (Connecticut and South Carolina[101]). These states turn away eligible families without even placing their names on waiting lists.
- Thirty-four states had no waiting list and were serving all eligible low-income families who applied as of March 2000 (Arizona, Colorado, Delaware, District of Columbia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Michigan, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey,[102] New Mexico, North Dakota, Ohio, Oklahoma, Oregon,[103] Pennsylvania,[104] Rhode Island, South Dakota, Utah, Vermont, Washington,[105] West Virginia, Wisconsin, and Wyoming).

Some states have particularly long waiting lists—17,100 children in Georgia, 31,450 children in Texas, and 34,000 children in Florida. Yet this provides only a partial measure of how many families are left unserved. Families may be discouraged by long waiting lists and not bother to apply for help. Only when and if a state is able to reopen enrollment and tries to clear its waiting list may these families decide to apply. If a state does not anticipate and budget for this additional demand, it could use up its funds before serving these new applicants and have to once again place families on waiting lists.

It is important to note that waiting lists are in constant flux—some states that had waiting lists in March 2000 have even longer waiting lists now, and a few states that did not have waiting lists at that time have since started them. This may result from more families applying for assistance, states facing increased budgetary constraints, or other factors.

---

[99] In New York, counties vary as to whether or not they have waiting lists—some have them and some do not.

[100] Iowa and New Jersey, which did not have waiting lists as of March 2000, have each since started one.

[101] South Carolina has since opened enrollment and is currently taking applications from families.

[102] New Jersey technically had a "waiting list" as of March 2000, but this was only due to a lag in processing applications, and eligible families were generally served within two to three weeks. (Since that time, the state has started a real waiting list, with families denied assistance for an extended period.)

[103] Oregon does not have a waiting list for its main child care subsidy program, but there is a waiting list for a small program serving families in postsecondary education.

[104] In Pennsylvania, some families are placed on a "waiting list" while their applications are processed, but there are funds to serve these families and they are on the list for no more than 30 days.

[105] Washington does not have a waiting list for its regular child care subsidy program, but there is a waiting list for its child care program for seasonal migrant workers.

## States with Waiting Lists or Frozen Intake for Child Care Assistance as of March 2000

| State | Children and Families on the Waiting List |
|---|---|
| Alabama | 7,300 children, 4,000 families |
| Alaska | 1,443 children, 877 families |
| Arkansas | 7,891 children, 4,642 families |
| California | Data not available |
| Connecticut | Frozen intake |
| Florida | 34,000 children |
| Georgia | 17,100 children, 9,500 families |
| Maine | 1,987 children, 1,419 families |
| Massachusetts | 17,500 children, 11,700 families |
| Minnesota | 2,428 families |
| Mississippi | Data not available |
| New York | Data not available |
| North Carolina | 8,577 children |
| South Carolina | Frozen intake |
| Tennessee | 4,500 children, 2,200 families |
| Texas | 31,450 children, 17,186 families |
| Virginia | 8,381 families |

### Informing Eligible Families That They Can Receive Help

There are many families, both in states that currently have waiting lists and those that do not, who do not apply for help because they simply are not aware it is available. While all states believe that TANF families know about the availability of assistance, states are less confident that families not receiving welfare are well informed. Only two out of five states report feeling relatively confident that most eligible families are aware that they could receive help paying for care. The remaining three-fifths of states say that families do not know about assistance or are uncertain about whether families are informed.

For TANF families, there is at least a process that, if properly administered, should ensure that they understand they are eligible for child care assistance. These families are in contact with caseworkers who should tell them about the availability of assistance. States are also required to explain to TANF families that they cannot be sanctioned for failing to meet work requirements if they do not have appropriate child care. Yet, studies suggest that even this process offers no guarantees. In a survey of former welfare recipients, 39 percent said that they had not been offered help with child care. Those who said that they had not been told about child care assistance were much less likely to be receiving it at the time of the survey—only 17 percent versus 26 percent who were offered help.[105]

Families who are not part of the welfare system are even less likely to learn about the availability of assistance, since they do not have an opportunity to have any interaction with the state. States are under no obligation to inform these families that they may be eligible. In some cases, states are reluctant to publicize the program because they could not meet the need if more families applied, or already have more families applying than they have funds to serve. A few states admit that they avoid aggressive outreach campaigns because they know they could not handle the resulting increase in demand for assistance.

---

[105] Children's Defense Fund, *Families Struggling to Make It in the Workforce: A Post Welfare Report* (Washington, D.C.: CDF, 2000).

- Twenty-one states said that most low-income families do *not* know that they could receive assistance (Arkansas, California, Colorado, Connecticut, District of Columbia, Idaho, Indiana, Kansas, Kentucky, Maine, Maryland, Missouri, Nebraska, New Hampshire, New Mexico, North Carolina, Oklahoma, Tennessee, Virginia, Washington, and West Virginia).
- Several states, such as Alaska, Arizona, Michigan, Oregon, South Carolina, South Dakota, and Wisconsin, reported being uncertain about whether or not most eligible families know about the subsidy program.
- Twenty-two states said that most low-income families know they could receive assistance (Alabama, Delaware, Florida, Georgia, Hawaii, Illinois, Iowa, Louisiana, Massachusetts, Minnesota, Mississippi, Montana, Nevada, New Jersey, North Dakota, Ohio, Pennsylvania, Rhode Island, Texas, Utah, Vermont, and Wyoming).

## How Families Find Out About Care

Whether families know about the availability of child care assistance may depend at least in part on the extent of a state's efforts to inform families about their subsidy program. Some states conduct outreach campaigns involving television and radio advertisements, billboards, flyers, and mailings. Some states coordinate their various programs for children and families so that families receive information about child care assistance when they apply for free or reduced-price school lunch, child health insurance, or other programs. States may also fund child care resource and referral agencies (CCR&Rs) to help make families aware of child care subsidy programs, or the CCR&Rs may conduct their own independent outreach efforts. Certain groups of families learn about child care assistance through other avenues. For example, teen parents may find out about assistance through their high school. Families in the child protective services system may find out through their social services caseworker. Other states rely on word-of-mouth, expecting parents to discover information on their own from their child care providers, friends, or families. This approach is not particularly reliable if a state's goal is to ensure parents know about child care assistance.

Several states make noteworthy efforts to raise awareness about child care assistance among families. A few target their efforts to certain groups of families who may be least likely to know about it. For example:

- Nebraska sends out mailings to all families with children in the public schools that include information on child care assistance as well as the free and reduced-price lunch program and child health insurance. The mailing includes toll-free phone numbers for parents to learn more about each of these programs.
- Nevada is developing a new video series of one-minute public service announcements that will run across the state on television, in doctors' offices, and in welfare offices.
- Rhode Island's child care administrator has visited Asian, South American, and other communities to reach those who might be unaware of the child care program.
- South Dakota has a central mail-in application process, but on three of its larger reservations, child care outreach workers are placed in the local TANF offices to assist families with all aspects of child care. They help families apply for assistance and locate child care, assist with provider billing, and work in other ways to ensure families can access child care subsidies and eligible child care providers.

- Vermont conducts various outreach efforts to inform parents about the availability of assistance. Community child care support agencies, which form a statewide network responsible for administering the subsidy program and providing resource and referral services, send monthly newsletters that include articles about the subsidy program to child care providers in their regions. Some of the larger child care programs are supplied with applications and other information to help families apply. The community agencies reach out to employers, especially low-wage employers, through advertising, flyers, posters, and other efforts. In certain areas, community agency staff are available to make presentations and explain the subsidy program to employees at their workplaces during lunch breaks. The state has an Internet site as well and is in the process of making applications available on-line to transmit to workers in the local agencies.
- West Virginia has set its income eligibility limit for child care help at the same level as the child health insurance program and is coordinating outreach for the two programs.
- Wisconsin ran a media campaign that included brochures and posters. The campaign was conducted throughout the state, but was particularly targeted to Milwaukee and the rural northern areas, where it was thought that families did not know about the availability of child care assistance.

## Serving All Eligible Families If They Knew About the Availability of Assistance

Only four states—New Hampshire, North Dakota, West Virginia, and Wyoming—believe they could serve all eligible families without additional funding if they all knew about the availability of assistance. West Virginia and Wyoming mentioned that they would rely on TANF funding to help meet this need.

The remaining states indicated that serving all eligible families would require additional funding. Although Rhode Island has an entitlement that commits the state to providing child care assistance to all eligible families who apply, the state still expressed concerns about its ability to respond to a large increase in applications. Oregon said it could serve all eligible families, but only assuming a budget increase. One state put it bluntly: "It would take a lot more money to serve all eligible families."

Other states commented that their resources are strained as it is as they try to maintain their current service levels. Even if they do not have waiting lists at this time, additional needs could not be met without new funding. For example:

- Kansas noted that funding is currently maximized, with the state drawing down the entire amount of federal child care funding available, taking advantage of over $15 million of funds transferred from the TANF block grant to the Child Care and Development Block Grant, and adding state general funds.
- Kentucky reported that it uses almost all of its current funding without leaving much to carry over at the end of the year, so it does not have the flexibility to serve many more families. In the face of an increased demand, the state would need to lower its income cutoff or eliminate certain eligibility categories.

Many states are not even able to estimate the size of the entire eligible population and, consequently, do not know how many additional families would apply for assistance if they all knew it was available. For example, Washington was planning to begin an advertising campaign to publicize the increase in its income eligibility cutoff and was uncertain of what effect this effort would have on the demand for assistance. If it resulted in a large increase in the number of families applying, the state felt it would be challenging to help all of them while also devoting funds to improving the quality of care.

States saw other barriers to serving all eligible families. For example, New Jersey commented that the current supply of child care is simply not large enough, suggesting that even if families had subsidies, they might not be able to find care to purchase.

## Meeting the Need for Assistance in the Face of Stricter Welfare Work Requirements

Only 14 states expressed confidence that they could continue to serve all families—TANF and non-TANF—as the TANF work requirements increase in coming years (Colorado, Delaware, Idaho, Illinois, Michigan, New Hampshire, North Dakota, Ohio, Oregon, Rhode Island, Utah, West Virginia, Wisconsin, and Wyoming). A few of these states, such as Illinois, Rhode Island, and Wisconsin, have made a commitment to providing funds to ensure services to all eligible families who apply. Several other states, such as Idaho, Michigan, Ohio, and Oregon, noted that they have already significantly reduced their welfare caseloads or implemented their own strict work requirements, so that the increased federal requirements will not pose a major new burden.

Most states are uncertain about whether they can meet the increased need resulting from stricter welfare work requirements. A number of states have waiting lists now and the work requirements will only exacerbate this situation.

- California and North Carolina, which currently have long waiting lists for working families, are not even sure if they can continue to serve all TANF families.
- Arkansas is currently unable to serve any new low-income working families. As low-income working families now receiving child care assistance stop receiving it, the state expects that the funds will be increasingly diverted to serve TANF and transitioning families, resulting in low-income working families making up a smaller and smaller proportion of the child care subsidy caseload. By shifting funds, the state will be able to help TANF families meet the work requirements but may jeopardize the ability of those families who are already working to keep their jobs.
- Texas projected that the increasing TANF work participation requirements, combined with the expiration of a state welfare waiver, would lead to a 50 percent reduction in the number of children in low-income working families receiving child care assistance by 2003.

Many other states that did not have waiting lists as of March 2000 expressed concern that they will need to begin placing low-income working families on waiting lists as the stricter TANF work requirements bring about an increased demand for assistance. For example:

- Kentucky predicted that some low-income families might be forced to return to TANF because they will not be able to get child care assistance and, unable to afford care on their own, will have to quit their jobs.
- New Mexico reported that there are 40,000 children in TANF families, but the state currently only has funds to serve a total of 23,000 children, including both those in TANF families and low-income families. If more TANF families applied for assistance, the state would have to shift funds now being used to serve low-income families in order to help TANF families.
- Vermont foresaw the possibility that increased demand might require tradeoffs between providing sufficient access to assistance for families and setting adequate provider reimbursement rates.

## Barriers to Remaining Eligible for Assistance

Even if families manage to establish their eligibility for and begin receiving help paying for child care, they still may face significant obstacles. States generally require families to recertify their eligibility on a regular basis. This might involve providing updated documentation of their income or a parent's work schedule and other information to verify that they still qualify for assistance. In most states, families are also required to notify the child care agency of any interim changes, such as an increase in income, a new job, or a different work schedule. In some cases, families may be required to appear in person to apply for recertification or report an interim change. These changes may affect a parent's eligibility, the number of hours of care for which they are approved, or their required co-payment (which is usually based on the family's income).

Maintaining eligibility for assistance during the transition from welfare to work can be particularly difficult, since a family may be required to re-establish their eligibility with a separate program each time they shift categories from TANF to transitioning to low-income. Given that a number of states have different policies for different groups, a family may also have to adjust to new recertification requirements each time they change categories. This makes it likely that many families will find themselves confused about the rules and lose their assistance, simply because they do not understand what they need to do in order to continue receiving help.

Research suggests that these barriers have made it difficult for families to maintain their child care assistance. A study of five states found that the average duration of a stay on child care subsidies is about three to seven months.[107] A family who loses assistance before they are ready to manage the burden of paying for care on their own may have no choice but to switch their child care arrangement or stop using child care altogether. This not only makes it difficult for the parent to keep his/her job but is a disruption that can have negative effects on a child.

### *Length of the Recertification Period*

Nearly two-thirds of the states require families to recertify for assistance every six months, regardless of whether there is a change in their job status, income, or family situation. A few states require more frequent recertification. Less than one-third of the states allow families to remain eligible for a full year without having to recertify.[108]

- In North Dakota, families must submit verification monthly.
- Nevada and Utah require low-income families to recertify every three months and Alaska requires recertification every four months.
- Thirty-one states require low-income families to recertify every six months (Alabama, Arizona, Arkansas, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Idaho, Illinois, Indiana, Louisiana,[109] Maine, Massachusetts, Michigan, Minnesota, Mississippi, Montana, New Hampshire, New Mexico, Oregon,[110] Pennsylvania, Rhode Island,[111] South Dakota, Tennessee, Vermont, Washington, West Virginia, Wisconsin, and Wyoming).
- Fifteen states require low-income families to recertify once per year (California, Hawaii, Iowa, Kansas, Kentucky, Maryland, Missouri, Nebraska, New Jersey, New York, North Carolina, Ohio, Oklahoma, South Carolina, and Virginia).
- In Texas, local boards may determine the length of the recertification period. Most boards have a certification period of 12 months or less, but they have the discretion to make the certification period longer than 12 months.

---

[107] Laura Peck and Marcia Meyers, "A Cross-State Examination of Child Care Subsidy Use" (New York: National Center for Children in Poverty, 2000). Unpublished paper.

[108] A few states, such as Illinois and Oklahoma, noted that the recertification requirements for low-income parents in school may differ from those for low-income working parents. A state may adjust the certification cycle to match the school schedule, requiring, for example, the parent to recertify at the beginning of each new semester.

[109] As of March 2000, Louisiana allowed some families to remain eligible without recertification for a full year, but only if they met certain stringent criteria, including having a stable income. Most families did not meet the criteria. The state planned to change the rule to require all families to recertify every six months.

[110] In Oregon, families may have to recertify more often—every three or four months—if their income is unstable.

[111] Rhode Island planned to extend the certification period from six months to one year.

Some states have policies that allow longer certification periods for children enrolled in Head Start who need wrap-around child care. This issue is discussed in more detail below.

*Differences in the Recertification Period for TANF families*

Fourteen states noted that their recertification requirements for families receiving welfare differ from requirements for low-income families. In some cases, states place a greater burden on TANF families, requiring them to recertify more frequently. Because their income and job status may be unstable, a state may want to verify that they have a continuing need for child care assistance. Other states actually allow a longer time period before a TANF family has to recertify for child care, or do not require them to recertify separately for the child care subsidy program at all. States may take this approach because the family's TANF caseworker is already closely monitoring the family to assess their progress in moving from welfare to work, including their need for child care, and because recertification requirements would add yet another burden to families struggling to comply with numerous other welfare policies.

- In Alaska, California, Colorado, and Mississippi, TANF cases are reviewed monthly. In Illinois, some agencies have families recertify monthly as well, although families can be certified for up to three months at a time.
- The District of Columbia requires recertification every 60 days (two months) for TANF families, instead of allowing six months as for low-income families.
- Maine requires recertification every three months for TANF families, rather than every six months as for low-income families.
- New Jersey and New York require TANF families to recertify twice a year, but low-income families in these states need only recertify once a year.
- Louisiana, Michigan, Montana, and Rhode Island only recertify TANF families every 12 months, as opposed to every six months for low-income families. However, families receiving welfare may be seeing their TANF case managers on a more regular basis, which provides an opportunity to verify that they still need child care assistance. For example, Montana notes that families may be meeting with their case manager every two or three months, or even more frequently.
- In Oregon, TANF families who are in the monthly reporting system for TANF assistance only have to recertify for child care assistance once rather than twice a year.
- Arkansas does not require TANF families to recertify for child care.

*Differences in the Recertification Period for Transitioning Families*

Recertification policies for transitioning families are the same as policies for low-income families in every state except Arkansas and New Mexico. In these two states, low-income families must recertify every six months, but transitioning families can receive help for a full year before they must recertify. Since transitioning families in both Arkansas and New Mexico are provided assistance for a year without regard to income and without any required parent co-payment, recertification to verify the family's income before the end of the transitional year is not necessary.

## *Notification of Interim Changes*

In addition to requiring families to recertify at regular intervals regardless of whether there have been changes in income or other developments, states also require families to notify them if there are any changes prior to the scheduled recertification. Families typically must inform the state about any changes immediately, or within a very limited time period (often less than 10 days). Such a short grace period—or the absence of one altogether—can be very destabilizing for a family just as they begin to make progress in their job status and income level. A family should not be expected to provide notification as soon as they find a new job, receive a promotion, or get a modest raise, especially since these changes may bring increased work hours or job responsibilities and, therefore, leave the family with less time to contact their child care worker. A family should also not have to face higher co-payments immediately after a small raise, since this could wipe out any financial benefit of the salary increase.

Some states have slightly more flexible reporting requirements for families who have experienced changes in their income, job, or other aspects of their situation. A few states give families a somewhat longer time period in which to notify the state or only require families to report certain changes. For example:

- Colorado allows families 30 days to inform the state about changes.
- Delaware only requires families to tell the state about changes that result in an increase in income of $50 or more a month.
- Kansas only makes adjustments if a change in income is great enough to move them up two income brackets on the state's sliding fee scale. (For example, a family of three would move from Level I to Level III if their income increased from an amount under $810 a month to between $1,157 and $1,272 a month.)
- In Maine, a change in income does not need to be reported if it is less than $25 a week.
- In North Carolina, changes in income of less than $100 dollars per month do not require a reassessment.

If interim changes are significant enough to have an impact, most states immediately adjust a family's eligibility status and fee accordingly. However, South Dakota does not act on any changes unless it would have a positive impact on a family—for example, if their income decreased and, therefore, should be assessed a lower co-payment. If a family's income increased, the state would not raise their co-payment or make them ineligible for assistance before the end of their eligibility period. Pennsylvania reported that it also planned to adopt a new policy as of April 15, 2000, to allow families to remain eligible for their full six-month certification period without adjustments even if their income increased within that time period.

### *Adjusting the Recertification Period Following an Interim Change*

When there is an interim change in a family's income or situation that requires the state to examine their eligibility and fee before the end of the ongoing certification period, a state may or may not adjust the timing for the family's next required recertification. While the majority of states begin a new certification period following the change in some or all situations, two-fifths of the states still require the family to recertify at the originally scheduled time. This means that, after going into the child care agency to report a change, a parent could have to return just a short time later for a full recertification. For example, if a family's eligibility period expires in December, but a parent receives a raise in October, they would have to face a recertification process both in October and again only two months later.

- Ten states restart the certification period when there is a change (Alaska, California, District of Columbia, Idaho, Maine, Massachusetts, Nevada, New Mexico, Ohio, and Texas).
- In 18 states, a new certification period may begin when there is a change, depending on the particular agency or caseworker dealing with the family and/or the family's circumstances (Arizona, Hawaii, Indiana, Kentucky, Maryland, Michigan, Mississippi, Montana, New York, North Carolina, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Utah, Vermont, and Washington).

- Twenty-one states do not readjust the recertification period following a change (Alabama, Arkansas, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Iowa, Kansas, Louisiana, Minnesota, Missouri, Nebraska, New Hampshire, New Jersey, Tennessee, Virginia, West Virginia, Wisconsin, and Wyoming).[112]

### *How Families Recertify*

The ways in which families are allowed to recertify significantly influence how cumbersome the process can be for them. States that require families to appear in person at the local child care office place a burden on parents, who often cannot leave their jobs during the workday without risking their ability to stay employed. Many low-income parents who receive child care assistance are new employees just beginning to establish themselves in the workforce in jobs that offer little, if any, flexibility. Some states prefer in-person recertification because it provides a better opportunity to assess a parent's child care needs and discuss their child care options. While it is important that parents receive the information they need to make a good choice about their child care, a face-to-face meeting should be optional and scheduled at a parent's convenience. Otherwise, a parent may not be able to meet the recertification requirements and may lose their child care assistance completely.

Most states allow parents to apply for recertification through a variety of methods, including by mail, by phone, or, in some cases, through their own child care provider. These states recognize the need to be as flexible as possible to accommodate families' needs. In addition, several states with large numbers of families living in rural areas noted that it would be particularly unreasonable to ask them to recertify in person since they often do not live anywhere near their child care program office. Yet, some states continue to require families to apply in person.

- Six states require families to recertify in person (Alabama, California, District of Columbia, New Hampshire,[113] Virginia,[114] and Wisconsin).
- Several states require families to recertify in person in at least some instances. For example, in Arkansas, at least one of two recertifications required each year must involve a face-to-face interview. For other recertifications and notices of changes, families can apply by mail. In Alaska, communities whose child care assistance programs are administered at the state level through distance delivery handle the recertification process for all of their families entirely by mail, but communities with a local administrator require all of their families to recertify in person. In Hawaii, parents can mail in materials required for recertification, but once those materials are received, the parent is usually brought in to discuss the information. In Indiana, some of the more rural areas allow families to mail in their application and documents for verification, but most agencies have families recertify in person.
- Forty-one states allow low-income families to recertify by phone and/or by mail and do not require families to appear in person to apply for recertification (Arizona, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Jersey,

---

[112] For North Dakota, the issue of whether the state restarts the certification period following a change is not relevant, since it already requires verification once a month, even if there have not been any changes. For South Dakota, this issue is not applicable either, since interim changes do not have to be acted on.

[113] In New Hampshire, certain providers caring for children with subsidies have a contract with the state to determine eligibility for subsidies as well. In these cases, the family would certify their eligibility through their provider. However, these providers represent only a small proportion of all providers serving children with subsidies. Providers generally only find it worthwhile to take on the additional responsibility if they are large and serving many children with subsidies.

[114] Virginia's written policy requires that a parent must have "direct contact" with their caseworker to recertify, which is largely interpreted to mean that recertification must be done in person.

> New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Washington, West Virginia, and Wyoming).
>
> Some of these states, including Maine, Massachusetts, and Mississippi, also allow parents to recertify through their providers in at least certain situations. In Ohio, some counties allow part of the process to be completed online, although parents still must mail in supporting documents such as paystubs and signed materials.

In comparison to recertifying in person, recertifying by mail or phone is generally easier for families. However, a recent study of parents' experiences with the child care subsidy system suggest that these methods can pose difficulties for families as well.[115] In some cases, sufficient staff are not available to answer the phones or process mailed-in applications, and as a result families are not properly recertified and risk losing their assistance. Some families do not have confidence in the agency to handle a request for recertification relayed by phone or submitted by mail and go to the agency in person regardless of whether they are required to do so. It is important for states to not only allow parents to recertify by mail or phone, but also provide the administrative resources necessary to make sure that these are reliable options for families.

### *Differences in the Recertification Process for TANF Families*

In several states, the process for recertifying TANF families differs from the process for low-income families. In some cases, TANF families' recertification for child care is based on the approval of their TANF caseworker, with no additional requirements for the family to recertify separately, in person or otherwise, for child care assistance. The TANF caseworker may simply send any necessary materials to the child care agency. For example:

- The Alaska TANF agency provides child care for families as long as they remain eligible for TANF benefits and are participating in approved work activities. Continued TANF eligibility is based on monthly updates and income reports that can be submitted in person or by mail.
- While California requires low-income families to recertify in person, TANF families are recertified with monthly updates and income reports that can be submitted in person or by mail.
- The District of Columbia does not require TANF families to apply for recertification in person, as is the case with low-income families. TANF families are recertified based on information sent by their caseworker to the child care agency.
- In Virginia, low-income families generally must recertify in person, but TANF families are automatically eligible if they are working. Families can apply for recertification for TANF by mail or phone.

Conversely, a few states that do not require low-income families to recertify in person require TANF families to do so. For example:

- In Louisiana, New Jersey, and Pennsylvania, TANF families, unlike low-income families, must appear in person for recertification.
- Maine allows low-income families to recertify by mail, but TANF families must appear in person at least once a year.

## *Maintaining Eligibility When Assistance Is Administered Through Multiple Programs*

Families' ability to continue receiving help without interruption can be affected by how states administer their child care assistance and whether this is done through a single program or multiple programs. States have had increased flexibility to streamline their administrative systems since changes were made to the federal child care assistance program in 1996. Some states seized this opportunity to improve how they administered their programs and have made it easier for families to navigate the system. Others continue to manage child care assistance for different groups of families through separate programs or separate agencies. For example, TANF families may apply for child care assistance through their welfare office, while low-income families not on welfare may apply through their child care agency. This approach may be intended to prevent TANF families from having to go through one agency for their welfare benefits and another for their child care benefits, while at the same time enabling low-income families to avoid the stigma of going to the welfare office to apply for child care subsidies, which could discourage these families from enrolling. However, disjointed systems can create tremendous problems for families, especially for those families moving from one category to another as they transition off welfare.

---

[115] Gina Adams, Kathleen Snyder, and Jodi R. Sandfort, *Getting and Retaining Child Care Assistance: How Policy and Practice Influence Parents' Experiences (Draft)* (Washington, D.C.: The Urban Institute, 2001). Upcoming report.

A parent making this transition and already dealing with the stress of a new job and increased financial responsibilities, may become confused about where they are supposed to apply for assistance if a state has multiple programs. Poor communication between agencies could lead to a disruption in services for families moving from welfare to work just at the point when they are in greatest need of child care. States should work to design systems that avoid such problems by making it as straightforward as possible for families to apply for assistance and maintain their eligibility, regardless of changes in welfare status or other circumstances.

While a greater number of states appears to be moving toward developing more unified systems for providing child care assistance, it is difficult to assess how much progress they have made. Differences in policies for different families indicate that states still have a long way to go before achieving truly seamless systems. Examining the system from the perspective of families who must go through the process could provide an even more accurate picture, since policies tell only part of the story. Yet, collecting information on families' experiences was beyond the scope of this report.[116]

Despite their limitations, the data on state policies provide some sense of the varied approaches states take and what these approaches may mean for families who need child care assistance. Several states indicated that they have all families apply through the same program or agency, facilitating families' ability to remain eligible for assistance as they move from welfare to transitional to low-income status. For example:

- In Vermont, families who leave TANF continue on the subsidy program until their income exceeds the eligibility cutoff without an interruption in service or requirement to reapply after they leave TANF. This process is facilitated by the fact that child care assistance for all families is administered through community child care support agencies, a statewide network of private, nonprofit agencies that also offer resource and referral and often other family and child services.
- Illinois administers all of the state's child care assistance through voucher and contract agents, so a family remains in the same program as they move from TANF to transitioning to low-income status.
- In New Mexico, a family can be automatically transferred from TANF child care to transitional child care if relatively up-to-date information on the family, such as their income and work status, is available. The child care agency usually does have the information at this stage because the family would have needed to provide it to justify closure of their TANF case, and their transition off welfare, in the first place.

---

[116] For information about this issue, see the upcoming report by Gina Adams, Kathleen Snyder, and Jodi Sandfort, *Getting and Retaining Child Care Assistance: How Policy and Practice Influence Parents' Experiences*, to be published by the Urban Institute.

- In Ohio, families automatically continue to receive child care assistance as they move from TANF to work. A family enters into an initial contract with the county, indicating their mutual obligations. The family maintains their eligibility for child care help as they go from one stage to another without having to reapply at any point other than the regular 12-month redetermination required of all families.
- In Utah, both TANF and low-income families apply for child care assistance at local employment centers throughout the state. Families do not have to reapply for child care assistance at each stage as they move from TANF to transitioning to low-income.
- In Connecticut, a private contractor (MAXIMUS) administers all components of the state's child care assistance program. Even though each component has its own distinct policies, families do not have to apply for a specific program. Instead, they apply to the overall child care assistance program and then are placed in the appropriate category.

In contrast, a number of states maintain separate programs or administrative processes for separate groups of families. Some of these states take steps to facilitate the transition as families move from one program to another, but in other states the transition can be a cumbersome process. For example:

- In Alaska, transitioning families have to apply separately for child care assistance, even if they were already receiving child care when they were eligible for TANF. As the families transition off TANF, the public assistance office will typically send them a letter informing them about the availability of child care assistance. The family would then see the local administrator for eligibility determination under the transitional child care program.
- Hawaii requires transitioning families to apply separately for transitional child care after they leave TANF. This was a step backward from the state's prior policy. Previously, transitioning families were treated the same as TANF clients and automatically continued to receive assistance as long as they met the income criteria.
- Kansas has different programs for different groups of families, so that when a family's two months of eligibility for transitional assistance expire, they must reapply for child care assistance. The state is considering eliminating this requirement. In the meantime, it is making efforts to smooth the transition from one program to another. It has simplified the process by using integrated workers, where a family can have their child care assistance, cash assistance, food stamps, medical benefits, and work program participation handled by a single worker rather than having to "hop" from worker to worker. This effort includes co-location of programs and the use of a single combined policy manual.
- In Maine, child care assistance for TANF families is authorized by case managers in TANF regional offices while child care for low-income families is administered through contracts with 52 centers and family child care networks and eight voucher management agencies (CCR&Rs). When TANF families lose their eligibility for cash assistance, their TANF caseworker refers them to one of the voucher management agencies. During the 30-day period while transitioning families are being transferred from the TANF agency to the voucher management agency, the transitioning family is responsible for the co-payment assessed by the TANF manager. In some cases, there may be a discrepancy between this co-payment amount and the one assessed by the agency handling low-income child care because the two agencies count income differently. The state is trying to coordinate the policies more closely in order to address this problem.

- Until recently, Montana had separate agencies administering the child care assistance program for different populations. Once a family left TANF, they were referred by the Office of Public Assistance to the CCR&R for an application for child care, and could be immediately approved. The family would have already been working with the CCR&R because it provided referrals and handled the payment process for TANF families. As a result, the state felt that the transition proceeded relatively smoothly. Still, Montana planned to make it even easier for families by giving CCR&Rs full responsibility for managing the child care program, including eligibility determination for families still on TANF, as of October 1, 2000.
- Pennsylvania's Department of Public Welfare (DPW) administers the child care program for TANF families through local county assistance offices. Meanwhile, the child care program for former TANF and low-income working families is administered through private and county local entities referred to as child care information services (CCIS) agencies. Transitioning families who have already been receiving child care benefits while on TANF are automatically transferred from TANF child care to the child care program operated through the CCIS agencies. A family is sent a notice that the administration of their benefits has changed. If they had not been receiving child care while they were on TANF, a family has 90 days to inform the agency that they have left TANF and six months of eligibility for transitional child care assistance.
- In Rhode Island, families in FIP (Family Independence Program, the state's welfare program) have their child care assistance managed by their FIP workers. When they leave FIP, the family is reassigned to a new worker who handles low-income child care. The family's information and documentation is supposed be transferred from one worker to another through an internal process. Under this system, the family should not have to apply separately during the transition, but rather should simply receive notice of the change from their caseworker. However, the state has confronted some glitches, and some families mistakenly lose their assistance during the transition. It is trying to address these problems by helping parents better understand the process and other steps.

## Coordinating Eligibility for Child Care Assistance with Eligibility for Other Early Childhood Programs

Children enrolled in part-day Head Start or prekindergarten programs may need child care to cover additional hours while their parents work. These families often face barriers to applying and recertifying for child care assistance due to differences in policies among the various programs in which they participate. A number of states have taken steps to reduce these barriers by bringing child care eligibility policies in line with eligibility policies for Head Start and other programs as well as using additional strategies. For example, several states make the child care eligibility period consistent with that of Head Start so that a family does not have to cope with two separate time schedules. In these states, families with children enrolled in Head Start may continue to receive child care assistance for the entire year, even if the state usually sets a shorter recertification period for child care assistance or if the family's income increases above the cutoff during that period.

These policies allow children to remain in a stable environment regardless of their parent's income or employment status, which may change frequently. In this way, such approaches move child care assistance programs away from a primary emphasis on helping parents work and closer to early childhood programs with their focus on promoting children's successful development.

- The District of Columbia, Illinois, Ohio, and Oregon allow families enrolled in Head Start to remain eligible for child care assistance for a full year without having to recertify.[117]
- Nevada accepts Early Head Start and Head Start eligibility determinations for its child care subsidy program and does not require redetermination except when a child moves from Early Head Start into Head Start and when a child moves out of Head Start.
- Vermont, through specific grant agreements, allows children served in its Head Start/PreK-child care collaboratives to remain eligible for the grant year, up to 12 months.
- Maryland and Texas give localities the option of extending the eligibility period for child care assistance for Head Start families to match the Head Start school year.
- Montana lengthened the certification period for all children receiving child care (whether or not they are enrolled in Head Start) in response to Head Start's request to stabilize eligibility for families. The period was extended from three months to six months.
- Illinois allows families in Head Start to continue receiving child care assistance for 90 days while they search for a new job, rather than being cut off from assistance after only 30 days.
- Louisiana intended to begin supporting wrap-around care in Head Start for families starting in the summer of 2000. The state planned to make the assistance more accessible by having providers gather verification and application information from families for eligibility determination.
- In North Carolina, some counties help families access wrap-around care by sending a social services worker to the Head Start program to have families complete the application for child care assistance.
- Virginia guarantees child care assistance to Head Start families needing wrap-around care and exempts those at or below the poverty level from any parent fees.

---

[117] Delaware is in the process of extending child care eligibility for Head Start families to a full year as well.

# Parent Co-payments

States require families who receive child care assistance to contribute toward the cost of care. The amount a family pays in each state is determined by the state's sliding fee scale. State fee scales differ from one another in how much families pay and how that amount is determined. Depending on the state, the fee may vary according to the family's income, the cost of the care a family uses, and/or the number of children in care. Most states determine a family's fee based on their income, with fees increasing as income rises. However, 10 states base their co-payments on the cost of care a family uses. This approach can deter families from using higher quality care, because it tends to be more expensive and require high co-payments that they cannot afford.

Sliding fee scales should be designed so that families only have to devote a manageable proportion of their income to child care. Low-income families should not be expected to spend a significantly higher proportion of their income on child care than families pay on average nationwide—7 percent of income.[118] Families below the poverty line should not have to pay any fees. Many states' co-payments do not meet these benchmarks. Nine states charge families earning *half* the poverty level—just $7,075 a year for a family of three—and with one child in care fees above 5 percent of their income. In two-thirds (33) of the states, a family of three earning just $21,225 a year (150 percent of poverty) would be required to pay more than 7 percent of their income in fees, or would not be eligible for child care assistance at all.

Families can face even higher fees if they have more than one child in care. While many states charge a family the same fee regardless of the number of children in care, or charge reduced fees for additional children in care, nearly one-third of the states charge the same fee for each child regardless of the number. As a result, fees for large families can quickly add up.

The fees discussed in this section, unless otherwise indicated, only refer to the fees that the state *requires* parents to pay. They do not include additional fees that providers may charge to parents, if allowed to do so by the state, to make up the shortfall if the state's reimbursement rate is lower than the provider's rate (see section on rates for further discussion).

---

[118] Kristin Smith, *Who's Minding the Kids? Child Care Arrangements: Fall 1995 (Current Population Reports P70-70)* (Washington, D.C.: U.S. Census Bureau, 2000).

## Designing a Fee Scale

States generally structure their sliding fee scales so that the higher a family's income, the higher their co-payments. A good design for fee scales is one that allows a parent to receive a modest pay increase without losing all of their raise to higher co-payments. States sometimes believe they must increase co-payments significantly as a family moves up the income scale in order to prepare them for when they become ineligible for assistance and must assume responsibility for the full cost of care. Yet, it is more important to focus on making care affordable while families are receiving assistance. The best way for states to ensure that families are ready to afford care when they become ineligible is not to charge higher co-payments but to set higher income limits. This allows a broader income range over which to slowly increase fees and enables families to continue receiving assistance until their finances are more stable.

### *Co-payments Based on Income*

In most cases, the parent co-payment does not only increase as a dollar amount as income increases, but also as a percent of income. For example, a family with an income of $1,000 per month may have a co-payment of $10 per month—or 1 percent of income—while a family with an income of $2,000 per month may have a co-payment of $40 per month—or 2 percent of income.

Only a few states actually set their fee scales so that families in each successive income range pay a specific, progressively increasing percentage of income—for example, requiring families earning $500 to $999 a month to pay 1 percent of income, families earning $1,000 to $1,499 a month to pay 2 percent of income, families earning $1,500 to $1,999 a month to pay 4 percent of income, and so on. Instead, most states simply increase the dollar amount of the fee in increments as the family moves up the income scale. The fee scale is usually designed so that the fee as a percent of income trends upwards as the family moves up the scale from income bracket to income bracket. For example, a family earning $500 to $999 a month might be required to pay $5 a month—or 1 percent of income for a family at the beginning of the bracket—while a family earning $1,000 to $1,499 a month might be required to pay $20 a month—or 2 percent of income at the beginning of the bracket. However, note that as the family moves *within* an income bracket assigned a certain fee, the fee would actually decline as a percentage of income. For example, if a sliding fee scale required a family earning between $500 to $999 a month to pay $5 a month, this fee would represent 1 percent of income at the bottom of the bracket but 0.5 percent of income at the top.

### *Fees Calculated as a Set Percentage of Income*

A limited number of states calculate fees as a straight percentage of income. This approach is relatively uncomplicated and allows fees to increase gradually as income increases, but there are some disadvantages. For example, any increase or decrease in income, even a small one, would require fees to be recalculated and adjusted.

- Three states—Connecticut, Maine, and Montana—have sliding fee scales that require families within each income range to pay a certain percentage of income. In Connecticut and Maine the percentages increase from 2 to 10 percent of income as income increases and in Montana the percentage ranges from 3 to 14 percent.
- North Carolina, Texas, and Virginia calculate fees as a percentage of income, but they do not vary the percent in accordance with income. Instead, they use the same percent for families at all income levels. This approach is problematic for a family at the lower end of the scale who

does not have the resources to devote the same percentage of their very minimal income towards child care as a higher income family. In North Carolina, all families of three or fewer pay 9 percent of their income in fees, all families of four or five pay 8 percent of income, and all families of six or more pay 7 percent of income. In Texas, local boards have flexibility to determine their own rate policies. However, most boards set fees for all families at 9 percent of income if one child is in care and 11 percent of income if two or more children are in care (except for families of seven or more, who receive a break on their fees). In Virginia, most localities require all families to pay 10 percent of their income in fees.[119]

### *Fees Increasing with Income by Increments*

Thirty-two states charge fees that increase in increments, or steps, as income rises (Alabama, Arizona, California, Colorado, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Massachusetts, Minnesota, Mississippi, Missouri, Nebraska, New Jersey, New Mexico, New York, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina,[120] South Dakota, Tennessee, Utah, Washington, West Virginia, Wisconsin, and Wyoming). While sharing certain fundamental similarities in their approaches, these states vary widely in exactly how their fee scales are set up, including the number of steps and how much the fee increases with each step. For example:

- In Georgia, fees increase in steps from $5 to $40 per week as income rises.
- In New York, families below the state income standard (which is slightly higher than the federal poverty level) pay $1 per week. Fees for higher income families are calculated by multiplying the difference between the family's income and the state income standard by a certain percentage determined by the local district. The local district can set the percentage at any level between 10 and 35 percent, and most choose to set it between 25 and 35 percent.[121]
- Washington sets the fee at $10 per month for families with incomes up to 82 percent of poverty and at $20 per month for families with incomes up to 137.5 percent of poverty, and then uses a formula to calculate the fee for families above 137.5 percent of poverty. Under the state's approach, fees go up 44 cents for each additional dollar above 137.5 percent of the poverty level that the family earns.
- Wyoming's fees increase in increments as a family goes up the income scale from 5 cents to 20 cents to 35 cents to 50 cents per hour per child.

Some states noted that their fee scales were set using certain parameters. For example, Kentucky designed its scale so that parents would pay between 5 and 10 percent of income, with higher income families paying a higher percentage of income. Ohio does not allow the total fee for all children to exceed 10 percent of family income.

While a number of states appear to limit fees, for the most part, to about 10 percent of income, several states charge fees that amount to a much higher proportion of income for families at the upper end of the scale. For example, in Washington, fees go as

---

[119] In Virginia, six localities have waivers that allow them to use a different fee scale design as long as it does not impose additional costs on the state. One of the localities bases fees on the cost of care and the other five vary the percent of income a family pays in fees by income level.

[120] South Carolina's fees increase in increments, but, unlike most other states that take this approach, the fee as a percent of income remains relatively steady across income levels, at about 2 to 3 percent of income.

[121] New York's approach differs from calculating the fee as a percent of total income because the percent only applies to income in excess of the state income standard. In effect, a family above the state income standard pays an additional 10 to 35 cents in fees (depending on where the local district sets the percentage) for each additional dollar they earn. Also note that New York City had its own distinct fee scale until recently, when it adopted the state's basic fee structure.

high as 18 percent of income for a family of three earning $31,200 a year, which is just below the income cutoff. South Dakota does not cap its fees until they reach 20 percent of income. In Oregon, a family of three earning slightly less than the income cutoff of $25,680 would pay *one-quarter* of their income in fees.

### Co-payments Based on the Cost of Care

A number of states calculate co-payments as a percentage of the cost of care, with parents paying an increasing percentage of the cost as their income rises. This approach is problematic because it gives families an incentive to use lower cost, often lower quality, care in order to minimize their fees.

Ten states base fees on the cost of care, including Alaska, Arkansas, Delaware, District of Columbia, Hawaii, Idaho, Louisiana, Michigan, Nevada, and North Dakota. States vary in what percentage of cost they charge to families at each different income level. For example, Delaware charges families 1 to 80 percent of the cost, depending on income. In Hawaii, families pay 0, 10 or 20 percent of the cost, depending on income.

### Co-payments Determined by Mixed Approaches

A few states use a combination of approaches in designing their fee scale. Maryland charges fees that increase in increments with rising income, but the fees also vary depending on the cost of care in the region in which the family lives and whether the family uses formal care—licensed center-based care or family child care—or informal care. Thus, fees are based on the cost of care for each category in each region, but not on the cost of the specific provider the family actually uses.

New Hampshire also takes a different approach from other states. The state has very minimal required fees—TANF families (Step 1) have no required fees, non-TANF families with incomes up to 140 percent of poverty (Step 2) have required fees of 25 cents a week, and non-TANF families with incomes from 140 to 190 percent of poverty (Step 3) have required fees of 50 cents a week. However, in addition to varying the required fees across these three categories of families, the state also varies its maximum payment rate to providers (see chapter on payment rates for further discussion). Relative to the rate most providers charge, the maximum payment rate is low for all categories, but particularly for non-TANF families in the higher income group. As a result, families have to pay a substantial amount, on top of the required fee, to make up the shortfall unless they use a provider with very low rates. In many other states as well, families have to pay additional costs on top of the required fees if the state's maximum rate falls below the provider's rate. Yet, New Hampshire's especially low rates—which for Step 3 families are less than *half* the 75th percentile of the market rate from *1994*—make this a particularly significant additional cost burden for families. The cost of a family's child care is actually a greater determinant of the fee they pay than their income, since the required fees are minimal and there are only two, very broad income groupings.

In Vermont, the state pays a percentage of its maximum reimbursement rate for the category of care (but not the particular provider) the family uses and the family pays the remainder of the cost. The percentage varies inversely with the family's income—the lower the family's income, the higher the percentage of the cost the state will cover. However, like New Hampshire, Vermont has very low rates, so even families with very limited incomes, for whom the state pays 100 percent of the maximum rate, may be required to pay fees to make up the difference between the state's rate and the provider's rate.

## Fees for Families at Different Income Levels

State fee scales can be more easily compared by examining what fees would be charged to a hypothetical family at certain income levels.[122] An analysis of fees for a family with one preschool-age child in center-based care and with an income at 50 percent, 100 percent, and 150 percent of poverty demonstrates that while many states have relatively reasonable fees, a large number charge very high fees, even to families with extremely low incomes.[123]

### *Fees for Families Below the Poverty Line*

In most states, a family with an income at 50 percent of poverty ($7,075 a year, or $589 a month, for a family of three in 2000) would be required to pay only a minimal fee, if any. Yet several states charge fees that are too high for families with such low incomes. This creates a tremendous burden for families who are not earning nearly enough to meet even their basic needs.

- Nine states charge families earning half the poverty level fees above 5 percent of income (Colorado, District of Columbia, Florida, Nevada,[124] New Jersey, North Carolina, North Dakota, Texas, and Virginia). North Carolina and Texas charge families 9 percent of income, Virginia charges 10 percent of income, and North Dakota charges *17 percent* of income.
- Fifteen states have fees that are 2 to 5 percent of income (Alabama, Alaska, Arizona, Connecticut, Georgia, Illinois, Maine, Michigan, Oregon, Pennsylvania, South Carolina, Tennessee, Utah, West Virginia, and Wisconsin).
- In 10 states, the fee is less than 2 percent of income (Idaho, Maryland, Mississippi, Missouri, Montana, New Mexico, New York, Ohio, Washington, and Wyoming).[125]
- In 16 states, a family of three at 50 percent of poverty pays no fee (Arkansas, California, Delaware, Hawaii, Indiana, Iowa, Kansas, Kentucky, Louisiana, Massachusetts, Minnesota, Nebraska, Oklahoma, Rhode Island, South Dakota, and Vermont).

---

[122] In states that base fees on the cost of care, fees for these hypothetical families were calculated assuming that they were purchasing licensed, center-based care for a four-year-old at the state's maximum rate in the highest cost area of the state.

[123] To ensure comparable data, states were asked to report fees for families with incomes at 50, 100, and 150 percent of the FY *2000* federal poverty level. Some states use the federal poverty level in setting their fee scales—a family's income is defined as a percentage of poverty and the corresponding fee is assigned. However, states do not always update their fee scales regularly to reflect annual adjustments in the poverty line.

[124] In Nevada, this fee for families below poverty can be waived and is in many cases.

[125] New Hampshire has a very low required fee for a family at this income level—25 cents a week, or about $1 a month. However, the state's maximum reimbursement rates, which vary by income level and TANF status, are significantly lower than what most providers charge, so families generally pay significant additional costs to cover the shortfall.

# Parent Co-payments for a Family of Three Earning $7,075 a Year (50 Percent of the 2000 Poverty Level) and One Child in Care as of March 2000

| State | Monthly parent fee | Parent fee as a percent of income | Can providers charge additional fees? |
|---|---|---|---|
| Alabama | $22 | 4% | Yes |
| Alaska* | $14 | 2% | Yes |
| Arizona | $22 | 4% | Yes |
| Arkansas | $0 | 0% | No |
| California | $0 | 0% | Yes |
| Colorado | $36 | 6% | No |
| Connecticut | $12 | 2% | Yes |
| Delaware | $0 | 0% | Yes |
| District of Columbia | $30 | 5% | No |
| Florida | $35 | 6% | Yes |
| Georgia | $22 | 4% | Yes |
| Hawaii | $0 | 0% | Yes |
| Idaho | $4 | 1% | Yes |
| Illinois | $22 | 4% | Yes (for certificates) |
| Indiana | $0 | 0% | Yes |
| Iowa | $0 | 0% | No |
| Kansas | $0 | 0% | Yes |
| Kentucky | $0 | 0% | Yes |
| Louisiana | $0 | 0% | Yes |
| Maine | $24 | 4% | No |
| Maryland | $6 | 1% | Yes |
| Massachusetts | $0 | 0% | No |
| Michigan** | $24 | 4% | Yes |
| Minnesota | $0 | 0% | Yes |
| Mississippi | $10 | 2% | Yes |
| Missouri | <$1 | <1% | Yes |
| Montana | $5 | 1% | Yes |
| Nebraska | $0 | 0% | No (except for absent days) |
| Nevada*** | $43 | 7% | Yes |
| New Hampshire | $1 | <1% | Yes |
| New Jersey | $33 | 6% | Yes |
| New Mexico | $11 | 2% | No (except for sales tax and field trips) |
| New York | $4 | 1% | Yes |
| North Carolina | $53 | 9% | Yes |

Continued next page

## Parent Co-payments for a Family of Three Earning $7,075 a Year (50 Percent of the 2000 Poverty Level) and One Child in Care as of March 2000 (continued)

| State | Monthly parent fee | Parent fee as a percent of income | Can providers charge additional fees? |
|---|---|---|---|
| North Dakota | $100 | 17% | Yes |
| Ohio | $10 | 2% | No |
| Oklahoma | $0 | 0% | No |
| Oregon | $25 | 4% | Yes |
| Pennsylvania | $22 | 4% | Yes |
| Rhode Island | $0 | 0% | No |
| South Carolina | $22 | 4% | Yes |
| South Dakota | $0 | 0% | Yes |
| Tennessee | $22 | 4% | Yes |
| Texas | $53 | 9% | No |
| Utah | $15 | 3% | Yes |
| Vermont | $0 | 0% | Yes |
| Virginia | $59 | 10% | Yes |
| Washington | $10 | 2% | No |
| West Virginia | $16 | 3% | No |
| Wisconsin | $17 | 3% | Yes |
| Wyoming | $11 | 2% | Yes |

Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month.

For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

For comparability of data, all states were asked to report the co-payment for a family of three with an income at a certain dollar amount—$7,075 a year in 2000, or 50 percent of the 2000 federal poverty line. Some states that used the federal poverty level as a guideline for their sliding fee scales adjusted their fee scales for the 2000 poverty level after March 15, 2000. These adjustments would not be reflected in the above data.

*In Alaska, it is very rare that a family would have an income this low ($7,075 a year). A family earning this little would likely be receiving TANF benefits and/or payments from the state's special oil and gas royalty fund.

**This scenario—a family of three earning $7,075 a year and needing full-time care—is used for comparison purposes, but would be very unlikely to arise in Michigan. To be eligible for assistance for full-time care, a parent would have to be working full time (the state does not approve full-time care for education or training), and if they were working full time, even at minimum wage, they would be earning more than $7,075 a year.

***Nevada waives its fee for families below the poverty level on a case-by-case basis.

## *Fee Policies for Families At the Poverty Line*

In most states, a family earning 100 percent of poverty ($14,150 a year, or $1,179 a month, for a family of three in 2000) must pay a fee. This fee is generally a small percentage of the family's income, but in two out of five states, a family would be required to pay 5 percent or more of their income in fees.

- Three states require families at the poverty level to pay 10 percent or more of their income in fees. Virginia's fees equal 10 percent of income ($118 a month); Arkansas' fees equal 11 percent of income ($133 a month); and North Dakota's fees equal 15 percent of income ($180 a month).
- Six states charge families at the poverty level between 7 and 10 percent of income (Colorado, Kentucky, Maryland, Nevada, North Carolina, and Texas).
- In 12 states, fees for families at the poverty line are between 5 and 7 percent of income (Alabama, Arizona, Delaware, Florida, Idaho, Illinois, Maine, Massachusetts, New Jersey, Oregon,[126] Pennsylvania, and Wisconsin).
- In 16 states, fees for families at the poverty line are between 2 and 5 percent of income (Connecticut, District of Columbia, Georgia, Kansas, Louisiana, Michigan, Mississippi, Missouri, Montana, New Mexico, Ohio, Oklahoma, South Carolina, Tennessee, Utah, and West Virginia).
- Eight states have fees below 2 percent of income, including Alaska, Indiana, Iowa, Minnesota, Nebraska, New York, Washington, and Wyoming.[127]
- Five states—California, Hawaii, Rhode Island, South Dakota, and Vermont—have no fees for families at 100 percent of poverty.[128]

---

[126] In Oregon, for the first two months of receiving child care assistance, the parent fee is limited to $25 a month, or 2 percent of income for a family at the poverty line.

[127] New Hampshire has a very low required fee for a family at this income level—25 cents a week, or about $1 a month. However, the state's maximum reimbursement rates are significantly lower than what most providers charge, so families generally pay significant additional costs to cover the shortfall.

[128] Massachusetts adopted a new fee scale, as of July 1, 2001, that eliminated fees for families up to 100 percent of poverty as well.

## Parent Co-payments for a Family of Three Earning $14,150 a Year (100 Percent of the 2000 Poverty Level) and One Child in Care as of March 2000

| State | Monthly parent fee | Parent fee as a percent of income | Can providers charge additional fees? |
|---|---|---|---|
| Alabama | $65 | 6% | Yes |
| Alaska | $14 | 1% | Yes |
| Arizona | $66 | 6% | Yes |
| Arkansas | $133 | 11% | No |
| California | $0 | 0% | Yes |
| Colorado | $96 | 8% | No |
| Connecticut | $47 | 4% | Yes |
| Delaware | $78 | 7% | Yes |
| District of Columbia | $30 | 3% | No |
| Florida | $69 | 6% | Yes |
| Georgia | $56 | 5% | Yes |
| Hawaii | $0 | 0% | Yes |
| Idaho | $65 | 6% | Yes |
| Illinois | $65 | 6% | Yes (for certificates) |
| Indiana | $22 | 2% | Yes |
| Iowa | $22 | 2% | No |
| Kansas | $58 | 5% | Yes |
| Kentucky | $87 | 7% | Yes |
| Louisiana | $49 | 4% | Yes |
| Maine | $71 | 6% | No |
| Maryland | $90 | 8% | Yes |
| Massachusetts | $78 | 7% | No |
| Michigan | $24 | 2% | Yes |
| Minnesota | $5 | <1% | Yes |
| Mississippi | $47 | 4% | Yes |
| Missouri | $43 | 4% | Yes |
| Montana | $47 | 4% | Yes |
| Nebraska | $18 | 2% | No (except for absent days) |
| Nevada | $108 | 9% | Yes |
| New Hampshire | $1 | <1% | Yes |
| New Jersey | $71 | 6% | Yes |
| New Mexico | $48 | 4% | No (except for sales tax and field trips) |
| New York | $4 | <1% | Yes |
| North Carolina | $106 | 9% | Yes |

Continued next page

## Parent Co-payments for a Family of Three Earning $14,150 a Year (100 Percent of the 2000 Poverty Level) and One Child in Care as of March 2000 (continued)

| State | Monthly parent fee | Parent fee as a percent of income | Can providers charge additional fees? |
|---|---|---|---|
| North Dakota | $180 | 15% | Yes |
| Ohio | $28 | 2% | No |
| Oklahoma | $44 | 4% | No |
| Oregon | $82 | 7% | Yes |
| Pennsylvania | $65 | 6% | Yes |
| Rhode Island | $0 | 0% | No |
| South Carolina | $30 | 3% | Yes |
| South Dakota | $0 | 0% | Yes |
| Tennessee | $39 | 3% | Yes |
| Texas | $106 | 9% | No |
| Utah | $36 | 3% | Yes |
| Vermont | $0 | 0% | Yes |
| Virginia | $118 | 10% | Yes |
| Washington | $20 | 2% | No |
| West Virginia | $49 | 4% | No |
| Wisconsin | $74 | 6% | Yes |
| Wyoming | $11 | 1% | Yes |

Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month.

For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

For comparability of data, all states were asked to report the co-payment for a family of three with an income at a certain dollar amount—$14,150 a year in 2000, or 100 percent of the 2000 federal poverty line. Some states that used the federal poverty level as a guideline for their sliding fee scales adjusted their fee scales for the 2000 poverty level after March 15, 2000. These adjustments would not be reflected in the above data. In some cases, this may have had a large impact on the co-payments that applied as of March and that are shown in this table. For example, a state may charge minimal fees to families at or below the poverty line, but much higher fees to families just above the poverty line. If the state had not adjusted its sliding fee scale and was still using the 1999 federal poverty level, a family with an income at the 2000 poverty level of $14,150 a year would actually fall above the poverty line used by the state and as a result would be subject to the higher fees. A family at that income level would have had their co-payment adjusted downward after the state updated its fee scales. This issue affected several states including Arizona, Kansas, Montana, and Nevada, and may be relevant to other states as well.

### *Fee Policies for Families Above the Poverty Line*

Nearly every state requires a family of three earning just $21,225 a year (150 percent of the 2000 federal poverty level, or $1,769 a month) to pay a fee. In many states, the fee represents a significant portion of the family's income. In two-thirds of the states, a family at this income level would not even be eligible for assistance or would be required to pay a fee that, as a percentage of income, exceeds the national average for the amount families pay for care (whether receiving assistance or not)—7 percent.

- In seven states, a family of three at this income level is not eligible for child care assistance and is responsible for paying the full cost of child care on their own (Arkansas, Idaho, Iowa, Missouri, Montana, West Virginia, and Wyoming).[129]
- Eleven states set fees that equal or exceed 10 percent of income for a family earning this amount (Alabama, Colorado, Kansas, Maryland, Nevada, New York,[130] North Dakota, Oregon,[131] South Dakota, Utah, and Virginia). In Oregon, a family would pay 16 percent of its income ($286 a month), in Nevada, 17 percent ($303 a month), and in South Dakota, 19 percent ($340 a month).
- Sixteen states charge fees that are between 7 and 10 percent of income for this family (Arizona, Delaware, District of Columbia, Georgia, Illinois, Indiana, Kentucky, Maine, Massachusetts, Nebraska, New Jersey, North Carolina, Oklahoma, Pennsylvania, Texas, and Wisconsin).
- In nine states, families must pay between 5 and 7 percent of their income in fees (Connecticut, Florida, Louisiana, Mississippi, New Mexico, Ohio, Tennessee, Vermont, and Washington).
- Six states have fees below 5 percent of the family's income (Alaska, Hawaii, Michigan, Minnesota, Rhode Island, and South Carolina).[132]
- California is the only state that does not require families at this income level to pay a fee. In California, a family of three would not begin paying a fee until their income reached $1,881 per month ($22,572 per year). The fee for full-time care at this income level would be $2 a day, or about 2 percent of income.

---

[129] In Alabama, Florida, Indiana, and South Carolina, a family would not qualify for child care assistance if they were earning $21,225 when they first applied for help, but they could continue receiving assistance if their income rose to this level after they qualified. This analysis considers the fees for such families who were already receiving assistance when their income reached this amount and therefore would be eligible.

[130] New York's co-payment was calculated for a family living in a district that sets fees equal to 35 percent of the difference between the family's income and the state income standard. Districts may set fees as low as 10 percent of the difference, in which case the fee would equal just 3 percent of the family's total income. However, most districts apply a percentage of between 25 and 35 percent.

[131] In Oregon, for the first two months of receiving child care assistance, the parent fee is limited to $25 a month, or 1 percent of income for a family at 150 percent of poverty.

[132] New Hampshire has a very low required fee for a family at this income level—50 cents a week, or about $2 a month. However, the state's maximum reimbursement rates are significantly lower than what most providers charge, so families generally pay significant additional costs to cover the shortfall.

# Parent Co-payments for a Family of Three Earning $21,225 a Year (150 Percent of the 2000 Poverty Level) and One Child in Care as of March 2000

| State | Monthly parent fee | Parent fee as a percent of income | Can providers charge additional fees? |
|---|---|---|---|
| Alabama | $184 | 10% | Yes |
| Alaska* | $71 | 4% | Yes |
| Arizona | $152 | 9% | Yes |
| Arkansas | Not eligible | Not eligible | No |
| California | $0 | 0% | Yes |
| Colorado | $180 | 10% | No |
| Connecticut | $106 | 6% | Yes |
| Delaware | $172 | 10% | Yes |
| District of Columbia | $162 | 9% | No |
| Florida | $121 | 7% | Yes |
| Georgia | $139 | 8% | Yes |
| Hawaii | $38 | 2% | Yes |
| Idaho | Not eligible | Not eligible | Yes |
| Illinois | $134 | 8% | Yes (for certificates) |
| Indiana | $152 | 9% | Yes |
| Iowa | Not eligible | Not eligible | No |
| Kansas | $177 | 10% | Yes |
| Kentucky | $152 | 9% | Yes |
| Louisiana | $114 | 6% | Yes |
| Maine | $159 | 9% | No |
| Maryland | $234 | 13% | Yes |
| Massachusetts | $173 | 10% | No |
| Michigan | $24 | 1% | Yes |
| Minnesota | $48 | 3% | Yes |
| Mississippi | $105 | 6% | Yes |
| Missouri | Not eligible | Not eligible | Yes |
| Montana | Not eligible | Not eligible | Yes |
| Nebraska | $129 | 7% | No (except for absent days) |
| Nevada | $303 | 17% | Yes |
| New Hampshire | $2 | <1% | Yes |
| New Jersey | $133 | 8% | Yes |
| New Mexico | $110 | 6% | No (except for sales tax and field trips) |
| New York** | $191 | 11% | Yes |
| North Carolina | $159 | 9% | Yes |
| North Dakota | $280 | 16% | Yes |

Continued next page

## Parent Co-payments for a Family of Three Earning $21,225 a Year (150 Percent of the 2000 Poverty Level) and One Child in Care as of March 2000 (continued)

| State | Monthly parent fee | Parent fee as a percent of income | Can providers charge additional fees? |
|---|---|---|---|
| Ohio | $93 | 5% | No |
| Oklahoma | $139 | 8% | No |
| Oregon | $286 | 16% | Yes |
| Pennsylvania | $152 | 9% | Yes |
| Rhode Island | $74 | 4% | No |
| South Carolina | $48 | 3% | Yes |
| South Dakota | $340 | 19% | Yes |
| Tennessee | $113 | 6% | Yes |
| Texas | $159 | 9% | No |
| Utah | $255 | 15% | Yes |
| Vermont | $123 | 7% | Yes |
| Virginia | $177 | 10% | Yes |
| Washington | $98 | 6% | No |
| West Virginia | Not eligible | Not eligible | No |
| Wisconsin | $165 | 9% | Yes |
| Wyoming | Not eligible | Not eligible | Yes |

Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month.

For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

For comparability of data, all states were asked to report the co-payment for a family of three with an income at a certain dollar amount—$21,225 a year in 2000, or 150 percent of the 2000 federal poverty line. Some states that used the federal poverty level as a guideline for their sliding fee scales adjusted their fee scales for the 2000 poverty level after March 15, 2000. These adjustments would not be reflected in the above data. For example, as of March 15, 2000, Montana set its income eligibility cutoff at 150 percent of the 1999 federal poverty level, so the family referred to in this chart earning 150 percent of the 2000 federal poverty level would have an income above the cutoff and be ineligible for assistance.

*For Alaska, this fee is for a family with a net income of $21,225 a year. In many cases, a family with a gross income at this level would have enough of their unearned income deducted so that they fell into a lower income bracket with a lower co-payment.

**New York's co-payment was calculated for a family living in a district that sets fees equal to 35 percent of the difference between the family's income and the state income standard. Districts may set fees as low as 10 percent of the difference, in which case the fee would equal just 3 percent of the family's total income. However, most districts apply a percentage of between 25 and 35 percent.

BEST COPY AVAILABLE

## Fees for Multiple Children in Care

The fee amounts discussed above are for families with only one child in care. Families with more than one child in care can have much higher fees, depending on a state's policies. Some states charge the same amount for each child, regardless of the number of children, but some charge a reduced fee for additional children, or do not add on any fees at all. In states that do not reduce fees for additional children, large families can end up with very high co-payments, even if the fee for each individual child is relatively low. For example, if the fee for one child in care is 4 percent of income, the fee for a family with three children in care would be 12 percent of income. In some cases, such high fees can discourage families from using paid care, particularly for their older children. School-age children might be left to care for themselves and not have the advantage of constructive after-school activities that can help them succeed in school.

Nearly one-third of the states have no reduction in fees for additional children.

- Fifteen states charge the same per-child fee for each child, with no discounts on the fee for additional children (Alabama, Alaska, Arkansas, Delaware, Hawaii, Idaho, Louisiana, Michigan, Missouri, Nebraska,[133] Nevada, New Hampshire,[134] North Dakota, South Carolina, and Wyoming).
- Twenty-two states charge reduced fees for additional children (Arizona, Colorado, District of Columbia, Florida, Georgia, Illinois, Kentucky, Maine, Maryland, Massachusetts, Mississippi, New Jersey, New Mexico, Ohio, Oklahoma, Rhode Island, Tennessee, Texas, Utah, Vermont, West Virginia, and Wisconsin). For example, in states such as Arizona, Florida, Illinois, Maine, Massachusetts, and New Mexico, the fee for the second child is half that for the first. Some of these states have even further reductions for subsequent children. Other states add a nominal amount for each additional child. Several states with discounted fees for additional children do not add any fees after a certain point. Maine and Ohio limit a family's total fee for all children to 10 percent of income.
- Fourteen states charge the same family fee regardless of the number of children in care (California, Connecticut, Indiana, Iowa, Kansas, Minnesota, Montana, New York, North Carolina, Oregon, Pennsylvania, South Dakota, Virginia, and Washington).

## Fee Exemptions

Some states waive fees for certain groups of families, such as families with very low incomes, TANF families, transitioning families, families receiving protective services, or families with other special circumstances. States may be particularly concerned that any fee would be a strong disincentive for these families to receive the child care they need for the parents to work and/or the family situation to stabilize.

### *Fee Exemptions for Very Low-Income Families*

Nineteen states exempt all families below a certain income level from required fees (Alabama, Arkansas, California, Delaware, Hawaii, Indiana, Iowa, Kansas, Kentucky, Louisiana, Massachusetts, Minnesota, Nebraska, Oklahoma, Rhode Island, South Dakota, Vermont, Virginia, and West Virginia).

---

[133] Nebraska generally charges the same per-child fee for each child, but families of five or more toward the higher end of the income scale receive a slight discount for each additional child in care.

[134] New Hampshire has the same required fee for each child, but for families with three or more children in the Step 3 category (non-TANF families with incomes from 140 to 190 percent of poverty), the state's maximum reimbursement rate is slightly higher, which in effect provides a discount for additional children.

In addition, Nevada waives fees for families below the poverty level on a case-by-case basis.

The income up to which families are exempt ranges from just $25 per month ($300 per year) in Virginia and $215 per month ($2,580 per year) in Alabama to $1,881 per month ($22,572 per year) in California. In most of the remaining states that waive fees for families below a certain income level, the exemption ends when the family's income reaches between 50 percent of poverty ($7,075 per year, or $589 per month) and 100 percent of poverty ($14,150 per year, or $1,179 per month).

### Fee Exemptions for TANF Families

In over half of the states, TANF families do not pay any fees. This approach recognizes that TANF families are under particular financial strains and struggling to get on their feet. However, it can create inequities if a family at the same income level—who is equally unable to cover the fee—must pay a portion of the cost simply because they are not receiving TANF.

- Twenty-five states exempt TANF families from all parent fees. This includes Alaska, Arizona, Arkansas, Connecticut, Delaware, Georgia, Kansas, Louisiana, Maine, Maryland, Michigan, Mississippi, New Hampshire, New York, North Dakota, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, and Virginia.
- Several additional states exempt some TANF families from fees if they meet certain criteria. The District of Columbia exempts TANF families who are not working. Idaho exempts those participating in required activities that do not produce income. Iowa exempts families in the PROMISE JOBS components of the welfare program. Nevada exempts TANF families who are not working or in their first month of work. New Jersey does not charge fees to TANF families who have no income. Pennsylvania does not require fees from TANF families who are both working and in training. Wisconsin does not charge fees to families receiving cash assistance who have teenage parents in high school with their own children.
- California, Indiana, Nebraska, and West Virginia do not explicitly exempt TANF families but, in practice, have few if any TANF families paying fees. These states waive fees for all families below a certain income level, and that income level is generally higher than the income cutoff for TANF. As a result, TANF families, for the most part, do not have incomes high enough to be subject to the fees.

In 17 of these states, a family with an income at 50 percent of poverty ($7,075 a year for a family of three), although exempt from fees if they are receiving TANF, have to pay a fee if they are not receiving TANF (Alaska, Arizona, Connecticut, Georgia, Maine, Maryland, Michigan, Mississippi, New Hampshire, New York, North Dakota, Oregon, South Carolina, Tennessee, Texas, Utah, and Virginia).

### Fee Exemptions for Families Transitioning from TANF

Several states do not require families moving from welfare to work to pay any fees, or have reduced fees for these families. These policies are often designed to allow families some additional time to establish themselves financially before they have to start paying a fee. The fee exemption is usually limited to a short period of time, though, so it is important that families be fully informed from the point at which they first begin receiving child care assistance about when they will have to start paying a fee and the amount it is estimated to be.

- Arkansas exempts families from fees in the first year of transition.
- Kansas and Utah waive fees for transitioning families for the first two months.

- Oregon limits the fee to $25 per month for the first two months of eligibility for Employment Related Day Care, which serves transitioning and low-income families.
- In Wisconsin, transitioning families are charged the minimum fee level ($17 a month for a family of three) for the first month after leaving TANF, regardless of income.

## *Fee Exemptions for Families with Special Circumstances*

A number of states waive fees for children in protective services, foster families, teen parents, children with special needs, or other particular groups.

- Sixteen states waive fees for all protective services families (California, Delaware, District of Columbia, Indiana, Iowa, Kansas, Michigan, Missouri, Montana, Nebraska, New Mexico, North Carolina, Ohio, Tennessee, Vermont, and Wyoming). Twelve additional states exempt CPS families from fees on a case-by-case basis (Alabama, Arizona, Kentucky, Massachusetts, Mississippi, Nevada, New Jersey, New York, Oklahoma, Texas, Washington, and West Virginia). Florida reduces fees for a limited period on a case-by-case basis. (In addition, several states that do not consider income for some or all CPS families or only count the child's income, such as Hawaii, Louisiana, and South Dakota, also waive fees for families with little or no income. As a result, CPS families in these states have no co-payment).
- Several states, including Massachusetts, Michigan, Nebraska, Nevada, North Carolina, Oklahoma, South Carolina, and Tennessee, exempt foster parents from fees. In addition, Missouri exempts grandparents who are serving as foster parents and Washington waives fees for employed foster parents.
- The District of Columbia, Illinois, and Michigan do not charge fees to adults serving as representative payees for child-only TANF cases (cases where a child eligible for TANF is living with someone other than their own parent who is not eligible for TANF themselves). Massachusetts exempts representative payees when they are relatives.
- North Carolina and Virginia do not charge fees if a child is living with an adult caretaker who is not financially responsible for the child.
- At least five states exempt teen parents from fees (California, District of Columbia, Florida,[136] Massachusetts, and Rhode Island). In addition, Colorado permits fees to be waived for teen parents on an individual basis. In Kansas, teen parents rarely have a co-payment in practice. Since the state only counts the income of the teen and their child (and not the income of the teen's parent), they generally have no countable income, and families with no countable income are not charged a fee.
- California, District of Columbia, and Missouri exempt children with disabilities from fees. Maryland, Oklahoma, and Texas exempt individuals receiving Supplemental Security Income (SSI). Maine waives the fee on a case-by-case basis for children who have special needs themselves or who have parents with disabilities.

---

[136] Florida exempts teen parents from fees if they are participating in the state's separate program for teens. See chapter on eligibility criteria for a further description of the program.

# Payment Rates

The amount a state pays providers who serve children receiving subsidies, referred to as a payment or reimbursement rate, has a significant impact on parents' ability to choose quality child care. States with low rates can make it extremely difficult for parents to use providers offering higher quality, often more expensive care. Providers who charge rates that exceed the state's maximum rate may be reluctant to serve children receiving assistance, or may require parents to make up the difference between the provider rate and the state rate (if the state allows the provider to do this). Alternatively, the provider may accept the lower state rate without asking parents to make up the shortfall, and simply subsidize the cost themselves. This decision places an additional burden on providers already operating on tight budgets and deprives them of the resources needed to support and maintain a high level of quality.

Setting adequate reimbursement rates does not only involve setting the basic rate at an adequate level, but structuring rates to reflect certain realities of the private-paying market as well. This includes reimbursing providers for days when a child is absent, because providers would expect parents covering the cost of care out of their own pocket to pay for these days. It also involves paying higher rates for care that is more costly to provide and establishing rates based on the local market in which a parent actually searches for care if rates in that market are higher than rates in the broader county or statewide market.

At the same time, states should not be limited by the current market in setting their rates, given that the market on its own has not responded adequately to families' needs, offered sufficient incentives for high quality care, or supported decent wages for child care providers. States should help address the shortcomings of the market by establishing higher rates as an incentive for providers to offer care that is in short supply, such as infant care, care during odd hours, special needs care, and high quality care, particularly in low-income neighborhoods, regardless of current market prices. States should also apply a statewide floor to low-income communities where the market rates are depressed because providers cannot ask private-paying parents to pay more than minimal fees. With these efforts, state reimbursement rates, instead of reinforcing market failures, can lead the way toward solutions.

States' reimbursement rate policies fall short in several areas.

- Nearly half of the states fail to set their basic reimbursement rates at the 75th percentile of the current market rate (the rate that allows parents access to 75 percent of their community's providers).
- A number of states set higher reimbursement rates for higher quality care and/or other types of specialized care—including 22 states that offer differential rates for high quality care and 13 states that offer differential rates for odd-hour care. Yet, these rates are often not enough to compensate for inadequate base rates.
- Over two-thirds of the states allow providers to ask parents to pay the difference if the state's rate is below the provider's rate. States may take this approach in order to prevent a provider from entirely refusing to serve a child with subsidies, but it is an unacceptable alternative to raising rates.

## Setting the Basic Reimbursement Rate Amount

The preamble to the federal regulations for the Child Care and Development Block Grant recommends that states set their maximum reimbursement rates at the 75th percentile of the current market rate. However, the regulations do not require states to set their rates at any particular level. In addition, while states are required to conduct a market rate survey every two years, they do not necessarily have to update their rates based on the survey.

To ensure low-income families the full range of child care options, states should move beyond the 75th percentile as a benchmark and aim to set their rates at the 100th percentile. This would allow families receiving assistance to have access to all providers in their communities, including the high quality providers that are often more expensive, rather than just the three-quarters with the lowest rates, which is all that is covered by the 75th percentile. Setting rates at the 100th percentile also takes into account that current market rates do not reflect the true cost of care—since providers essentially subsidize this cost with their very low salaries and often lack resources to purchase needed equipment and maintain facilities—and, therefore, reimbursement rates should be at least as high as what providers charge.

Unfortunately, approximately half of the states are not even setting their rates as high as the 75th percentile of the current market rate. These states set their rates below the 75th percentile or base their rates on outdated market rate surveys that do not reflect recent increases in the price of care. Data on maximum state reimbursement rates for licensed, non-accredited, center-based care for a four-year-old reveal that:

- Eighteen states set their maximum rates at a level below the 75th percentile of the current market rate (Colorado,[136] Delaware, District of Columbia, Georgia,[137] Hawaii, Illinois, Kansas, Massachusetts, Michigan,[138] Missouri, New Hampshire, New Jersey, New Mexico, Oklahoma,[139] Oregon, Tennessee, Vermont, and Washington). Rates are extremely low in some of these states. For example, Missouri's rate is $7.70 per day ($167 per month) below the 75th percentile of 1996 rates.

---

[136] Colorado allows counties to establish their own rates based on local factors and budgetary considerations. Some counties set the rate at least equal to the 75th percentile, but some set it below this level.

[137] Georgia sets different rates for each of three different zones. While rates in Zone 3, which includes rural areas of the state, are set at approximately the 75th percentile, rates in Zone 1, which includes the metro Atlanta area, are at about the 68th percentile, and rates in Zone 2, which includes the remaining areas, are at about the 72nd percentile.

[138] In Michigan, rates in some areas are above the 75th percentile, but in other areas are below it.

[139] Oklahoma's rates for two-star centers—centers meeting some additional quality criteria beyond basic licensing standards—are at the 75th percentile for most categories of care, but some types of care are below that level.

- Five states (Arizona, Connecticut, Nebraska, North Carolina, and Virginia) set their maximum reimbursement rates at the 75th percentile, but based on outdated surveys (from 1997 or earlier). Connecticut sets its reimbursement rate at the 75th percentile of the *1991* market rate.
- Twenty-seven states set their maximum reimbursement rates at the 75th percentile of the current market rate (using a 1998 or more recent survey). This includes Alabama, Alaska, Arkansas, Florida, Idaho, Indiana, Iowa, Kentucky, Louisiana,[140] Maine, Maryland, Minnesota, Mississippi, Montana, Nevada, New York, North Dakota, Ohio, Pennsylvania, Rhode Island, South Carolina, South Dakota, Texas, Utah, West Virginia, Wisconsin, and Wyoming.
- California sets its maximum reimbursement rate equal to 1.5 standard deviations above the average of current market rates. This method for setting the rate produces a rate above the 75th percentile.

## Reimbursement Rates for Licensed, Non-Accredited Center-Based Care for a Four-Year-Old: A Comparison of Maximum Rates to the 75th Percentile as of March 2000

| State | Maximum payment rate (monthly amount) | City/County/Region with maximum rate | Does the state set its maximum reimbursement rate at least at the 75th percentile of the current market rate? | Comparison of state maximum reimbursement rate to the 75th percentile of the market rate |
|---|---|---|---|---|
| Alabama | $407 | Birmingham Region (includes four counties) | Yes | 75th percentile of 1999 rates |
| Alaska | $575 | Southwest Alaska | Yes | 75th percentile of 1998 rates |
| Arizona | $390 | Phoenix (Maricopa County) | No | 75th percentile of 1996 rates ($113 per month below the 75th percentile of 1998 rates) |
| Arkansas | $333 | Washington County | Yes | 75th percentile of 1998 rates |
| California | $826 | Marin County | Yes | 1.5 standard deviations above the 1999 market rate mean for the region |
| Colorado | $714 | Jefferson County | Varies by county | Varies by county |
| Connecticut* | $565 | Southwest Region | No | 75th percentile of 1991 rates |
| Delaware | $373 | New Castle County | No | $124 per month below the 75th percentile of 1998 rates |
| District of Columbia | $510 | Citywide | No | $40 per month below the 75th percentile of 1998 rates |
| Florida | $442 | Palm Beach County | Yes | 75th percentile of 1999 rates |
| Georgia | $325 | Metro Atlanta | No | $126 per month below the 75th percentile of 1998 rates |
| Hawaii | $375 | Statewide | No | $41 per month below the 75th percentile of 1999 rates |
| Idaho | $434 | Boise Region | Yes | 75th percentile of 1998 rates |

Continued next page

---

[140] Louisiana sets its maximum rate for care for all ages at the 75th percentile of the infant rate. Since infant rates tend to be higher than rates for older children, the maximum state rate actually exceeds what the 75th percentile would be for older children.

## Reimbursement Rates for Licensed, Non-Accredited Center-Based Care for a Four-Year-Old: A Comparison of Maximum Rates to the 75th Percentile as of March 2000 (continued)

| State | Maximum payment rate (monthly amount) | City/County/Region with maximum rate | Does the state set its maximum reimbursement rate at least at the 75th percentile of the current market rate? | Comparison of state maximum reimbursement rate to the 75th percentile of the market rate |
|---|---|---|---|---|
| Illinois | $514 | Cook, DuPage, Kane, Kendell, Lake, and McHenry Counties | No | $109 per month below the 75th percentile of 1998 rates |
| Indiana | $520 | Hamilton County | Yes | 75th percentile of 1998 rates |
| Iowa | $411 | Statewide | Yes | 75th percentile of 1998 rates |
| Kansas | $460 | Olathe Area | No | 65th percentile of 1998 rates for children over 18 months of age (the 65th percentile is $29 per month below the 75th percentile of 1998 rates);<br>70th percentile for children under 18 months of age |
| Kentucky | $368 | Jefferson, Fayette, Boone, Kenton, and Campbell Counties | Yes | 75th percentile of 1998 rates |
| Louisiana | $325 | Statewide | Yes | 75th percentile of 1999 infant care rates (the infant care rate exceeds the 75th percentile of rates for four-year-olds by $22 per month) |
| Maine | $576 | Cumberland County | Yes | 75th percentile of 2000 rates |
| Maryland | $587 | Montgomery and Howard Counties | Yes | 75th percentile of 1999 regional rates |
| Massachusetts | $628 | City of Boston | No | $172 per month below the 75th percentile of 2000 rates |
| Michigan | $487 | Genesee, Ingham, Livingston, Macomb, Monroe, Oakland, St. Clair, and Washtenaw Counties | No | $58 per month below the 75th percentile of 1999 rates |
| Minnesota | $658 | Washington County | Yes | 75th percentile of 1999 rates |
| Mississippi | $303 | Statewide | Yes | 75th percentile of 1999 rates |
| Missouri | $331 | St. Louis (Metro area) | No | $167 per month below the 75th percentile of 1996 rates |
| Montana | $384 | Bozeman District | Yes | 75th percentile of 1998 rates |
| Nebraska | $455 | Douglas, Sarpy, and Lancaster Counties | No | 75th percentile of 1997 rates |

Continued next page

## Reimbursement Rates for Licensed, Non-Accredited Center-Based Care for a Four-Year-Old: A Comparison of Maximum Rates to the 75th Percentile as of March 2000 (continued)

| State | Maximum payment rate (monthly amount) | City/County/Region with maximum rate | Does the state set its maximum reimbursement rate at least at the 75th percentile of the current market rate? | Comparison of state maximum reimbursement rate to the 75th percentile of the market rate |
|---|---|---|---|---|
| Nevada | $433 | Clark County | Yes | 75th percentile of 1998 rates |
| New Hampshire** | $459 for non-contracted care; $503 for contracted care | Statewide | No | $44 per month below the 75th percentile of 1994 rates for non-contracted care; equal to the 75th percentile of 1994 rates for contracted care |
| New Jersey | $480 | Statewide | No | $105 per month below the 75th percentile of 1997 rates |
| New Mexico*** | $364 (Level 1 rate) | Metropolitan areas (75th percentile reported is statewide) | No | Mean of 1999 market rates (the mean is $91 per month below the 75th percentile of 1999 rates) |
| New York | $844 | Nassau, Suffolk, Putnam, and Westchester Counties | Yes | 75th percentile of 1999 rates |
| North Carolina*** | $470 (one-star rate) | Wake County | No | 75th percentile of 1997 rates |
| North Dakota | $400 | Statewide | Yes | 75th percentile of 1999 rates |
| Ohio | $476 | Hamilton County | Yes | 75th percentile of 1998 rates |
| Oklahoma*** | $260 (one-star rate) | Canadian, Cleveland, Kay, Kingfisher, Oklahoma, Tulsa, and Washington Counties | No | $143 per month below the 75th percentile of 1999 rates |
| Oregon | $398 | Metropolitan areas and some university towns | No | $67 per month below the 75th percentile of 1999 rates |
| Pennsylvania | $606 | Delaware County | Yes | 75th percentile of 1998 rates |
| Rhode Island | $606 | Statewide | Yes | 75th percentile of 1998 rates |
| South Carolina*** | $320 | Columbia, Richland County (urban areas) | Yes | 75th percentile of 1998 rates |
| South Dakota | $390 | Brookings, Clay, Lawrence, Lincoln, Minnehaha, Pennington, and Union Counties (urban counties) | Yes | 75th percentile of 1999 rates |
| Tennessee | $333 | Top 15 counties with highest average population in last 3 years | No | $13 per month below the 75th percentile of 1998 rates |
| Texas | $435 | Capital Area (Travis County) | Yes | 75th percentile of 1999 rates |

Continued next page

### Reimbursement Rates for Licensed, Non-Accredited Center-Based Care for a Four-Year-Old: A Comparison of Maximum Rates to the 75th Percentile as of March 2000 (continued)

| State | Maximum payment rate (monthly amount) | City/County/Region with maximum rate | Does the state set its maximum reimbursement rate at least at the 75th percentile of the current market rate? | Comparison of state maximum reimbursement rate to the 75th percentile of the market rate |
|---|---|---|---|---|
| Utah | $372 | Urban areas | Yes | 75th percentile of 1998 rates |
| Vermont | $410 | Statewide | No | $153 per month below the 75th percentile of 2000 rates |
| Virginia | $680 | Arlington | No | 75th percentile of 1997 rates |
| Washington | $575 | King County (Seattle) | No | $6 per month below the 75th percentile of 1998 rates |
| West Virginia | $368 | Statewide | Yes | 75th percentile of 1999 rates |
| Wisconsin | $710 | Milwaukee County | Yes | 75th percentile of 1999 rates |
| Wyoming | $450 | Statewide | Yes | 75th percentile of 1999 rates |

Monthly rates were calculated from hourly, daily, and weekly rates assuming that care is provided 9 hours a day, 5 days a week, 4.33 weeks a month.

*In Connecticut, the maximum rate shown in the table applies to low-income and transitioning families only. The maximum reimbursement rate for TANF families is $2.90 an hour, with a monthly limit of $325, which is $240 below the 75th percentile of 1991 rates.

**In New Hampshire, the maximum rates shown in the table apply to TANF families only. The maximum rates for non-TANF families are lower: $186 per month below the 75th percentile of 1994 rates for non-contracted care for non-TANF families with incomes under 140 percent of the poverty level and $253 per month below the 75th percentile of 1994 rates for those with incomes between 140 and 190 percent of poverty.

***New Mexico, North Carolina, Oklahoma, and South Carolina have multiple-tiered rating systems that are tied to tiered reimbursement levels. Programs with higher quality rankings receive progressively higher rates. This table indicates the rate in each state for centers meeting basic licensing criteria. See table below on differential rates for higher quality programs for more details about tiered rates in these states.

## Other Issues in Determining Reimbursement Rates

While examining the basic reimbursement rate is the most straightforward way of evaluating the adequacy of a state's payment policies, there are several other often overlooked issues that affect whether providers receive adequate payment for their services.

### *Hourly, Daily, Weekly, and Monthly Rates*

A provider's ability to collect sufficient payment for the care they offer may depend on whether the state pays hourly, weekly, or monthly rates. Some states pay on an hourly basis, only reimbursing providers for those hours during which care was provided. This can create a problem for providers, since they generally must reserve a full-time slot for a child even if the child is there only six or eight hours a day. The child care program must cover its full staff and other operating costs for all of the hours it is open, regardless of whether an individual child arrives late or leaves early. Paying on an hourly basis can also create additional administrative burdens for providers since it may require them to thoroughly document each hour of service in order to receive complete payment.

Paying on an hourly basis can be problematic for parents as well, especially since low-income parents often have nontraditional work schedules that vary from week to week. It can be a significant burden for parents to constantly track and report their variable schedules with an hour-by-hour accounting of their time. In some cases, hourly payment can also make it more difficult for parents to receive assistance to cover any additional time beyond documented work hours for travel or other purposes.

To avoid imposing strains on providers or parents, states should instead pay a standard full-time weekly or monthly rate as long as a parent meets a certain threshold for the total number of hours of work or participation in work-related activities over a given time period. This policy would help assure providers that they will receive consistent payment levels, assure parents that they will have care regardless of their work schedule on a particular day, and enable children to receive care on a stable, regular basis, even if their parent's hours are not.

While most states reimburse providers on a daily or weekly basis for full-time care, states often reimburse providers on an hourly basis for part-time care, and a few states pay providers on an hourly basis even for full-time care.

- Kansas, Michigan, and South Dakota pay providers on an hourly basis for full-time care.
- Iowa pays providers on the basis of service units, with each unit equaling four-and-a-half hours of care, or a half-day.
- Eighteen states reported paying rates on a daily basis (Arizona, Arkansas, Colorado, District of Columbia, Illinois, Kentucky, Louisiana, Massachusetts, Missouri, Montana, Nebraska, New Hampshire, Pennsylvania, Texas, Utah, Vermont, Washington, and West Virginia).
- Seventeen states reported paying rates on a weekly basis (Alabama, Connecticut, Delaware, Florida, Georgia, Indiana, Maine, Minnesota, Mississippi, Nevada, New York, Ohio, Rhode Island, South Carolina, Tennessee, Virginia, and Wisconsin).
- Ten states reported paying rates on a monthly basis (Alaska, Hawaii, Idaho, Maryland, New Mexico, North Carolina, North Dakota, Oklahoma, Oregon, and Wyoming).
- California will pay a monthly, weekly, daily, or hourly rate, depending on how the provider charges.
- New Jersey pays on a biweekly basis for transitioning and TANF families and on a monthly basis for low-income families.

States that use monthly, weekly, or daily rates for full-time care often have a part-time rate that is a fraction of their full-time rate. This can make it challenging for parents to find a provider who will accept a child part time. The provider would be unlikely to find another child with a perfectly complimentary schedule whose family could pay the remaining cost of the slot and enable them to avoid losing income. Virginia takes a notable approach in addressing this issue. If a family who needs part-time care cannot find it, and must use a provider who charges private-paying parents a full-time rate even if they are using part-time care, the state will pay at the full-time rate.

## *Statewide versus County-Level Rates*

States differ as to whether they use the same maximum reimbursement rate for the entire state or use different rates for different areas. A state that is small or has little differentiation in child care costs from one region to another may opt for a statewide rate. However, a single statewide rate may create problems for parents in high-cost areas of the state because, even if the state reimbursement rate is at the 75th percentile of the statewide market rate, it will be below the 75th percentile of the market rate in that high-cost community. There may be similar problems with county-level rates as well, if costs vary widely within a county from one neighborhood to another. It is important for states, in determining their market rates, to ensure that rates reflect the 75th percentile of the market in which a parent must actually look for care, not the 75th percentile of a market defined by arbitrary boundaries that have no relation to the parent's situation.

131

- While most states use county or regional rates, nine states, including Hawaii, Iowa, Louisiana, Mississippi, New Hampshire, Rhode Island, Vermont, West Virginia, and Wyoming, use statewide rates.
- Several states, such as Georgia, Illinois, Kentucky, New Mexico, Oregon, South Dakota, Tennessee, and Utah, do not differentiate rates solely by geographic region, but instead group together high-cost or metropolitan areas, regardless of whether these areas are located adjacent to one another.
- North Carolina takes a unique approach: although it primarily uses county rates, it sets a statewide rate as a floor for rural counties where providers set their rates low to meet the needs of low-income families. The state's strategy helps keep the market from being completely depressed in rural areas, but the statewide rate is still relatively low in comparison to rates in many of the urban counties.

## Reimbursement for Absent Days

Policies on reimbursing providers for children's absent days also affect the adequacy of overall payment levels. Regardless of whether or not an enrolled child is able to attend on a particular day, a program must stay open and pay their staff. The provider still relies on the expected income and does not have the option of finding another child to fill the slot just for that day. Reimbursements for absent days are especially important because low-income children may be more likely to have unstable family situations or illnesses that cause them to miss days of child care.

All states, except for Nebraska and Wyoming, pay for at least some absent days. However, most of the states set limits or allow counties to set limits, on the number of absent days they will reimburse. In addition, states may only provide reimbursement for absent days if certain conditions are met, such as that a child be enrolled in full-time care. States generally only pay providers for absent days if it is the provider's policy to charge all parents, including private-paying parents, for absent days.

- Arizona only provides reimbursement for two absent days per month and Kansas reimburses for no more than three absent days per month.
- Sixteen states (Alabama, Delaware, District of Columbia, Florida, Illinois,[141] Iowa, Kentucky,[142] Maryland, Missouri, New Jersey,[143] Oklahoma, Oregon, South Dakota,[144] Vermont, Washington, and West Virginia) reimburse for up to four or five absent days a month, or its equivalent (for example, one day a week). Several of these states qualify their policy in some way. For example, Oklahoma and Washington reported that these days are only reimbursed if the child is authorized for full-time care. Some states, including the District of Columbia, Florida, Kentucky, Maryland, and Vermont, allow exceptions to their limits on absent days under certain circumstances, such as if the child is absent for a longer period of time due to a serious medical problem.
- Arkansas reimburses for up to seven absent days a month and Louisiana reimburses for up to 10 absent days a month.

---

[141] Illinois reimburses centers and licensed home networks for all absent days if the aggregate number of absences for all children with subsidies who are served by the provider equals no more than 20 percent of all eligible days for the children.

[142] Kentucky only reimburses regulated providers for absent days, not unregulated providers.

[143] New Jersey reimburses the provider for the full month of care if a child is absent for no more than 20 percent of the month.

[144] South Dakota reimburses for up to one absent day per week or 36 hours per month.

- Six states set a limit on the total number of absent days per year for which they will provide reimbursement. The limits range from 10 to 31 days a year, which is an average of only about 1 to 3 days per month. Nevada provides reimbursement for 10 absent days per year. Maine reimburses for absences up to 2 weeks per year. In Indiana, the limit on absent days for which it provides reimbursement is 20 per year. Pennsylvania reimburses for up to 30 days per year and South Carolina for a maximum of 31 days per year.[145] Montana reimburses for up to 15 absent days, or 30 days if it is needed to hold the slot, such as during semester breaks and vacations for a parent in school. A few of these states, including Maine, Pennsylvania, and South Carolina, allow the limits to be waived and reimburse for additional absent days in certain circumstances.
- Georgia and Rhode Island limit the number of consecutive weeks of absences that can be reimbursed each year. Georgia reimburses providers for all absent days as long as a child attends the program at least one day a week, but will only reimburse for up to two full weeks a year. Similarly, Rhode Island sets no limits and requires no documentation for a provider to receive full reimbursement if a child attends at least one hour during a week. However, the state will only reimburse for up to two consecutive weeks of absences a year and in these situations requires documentation on the reason for the absence.
- In Massachusetts, 11 or more unexplained absences within a 30-day period or three consecutive absences result in an immediate reassessment of a family's continued need for child care. If a child is sick for more than 10 consecutive days, the family must provide a doctor's note explaining the reason for the child's absence and indicating the expected return date.
- Three states—Michigan, New Mexico, and Tennessee—limit the number of consecutive absent days they will pay for, but do not set a specific limit on the total number of absent days per month or per year. Michigan reimburses providers if a child is absent due to illness or a state holiday for up to two consecutive weeks. New Mexico provides reimbursement for up to 10 consecutive absent days. Tennessee allows up to 10 consecutive absent days as long as the parent contacts their provider. The state also allows up to 30 consecutive absent days if a child is seriously ill or in other special circumstances, as long as there is documentation provided by the local agency.

A few states set other limitations on reimbursements for absent days:

- New Hampshire reimburses for absent days for TANF families, but not for other families. Contract providers who serve TANF families can bill for up to a total of 99 hours each day for absences for all of the children they serve.[146] Non-contract providers serving TANF families can receive reimbursement for up to 10 absent days per child in each six-month period.
- Alaska only reimburses for absent days if a child is authorized on an enrollment basis. This type of authorization is used if a family's employment situation is stable. Otherwise, the family is authorized on an attendance basis and the state will not reimburse for absent days.

Eight states allow counties at least some discretion to determine their own absent day policies (California, Colorado, Minnesota, New York, North Carolina, Ohio, Texas, and Virginia). These states differ in whether they set parameters on the counties, and the counties vary in how generous they choose to make their absent day policies. For example:

---

[145] South Carolina also limits the number of consecutive absences to 10 days.

[146] In New Hampshire, contract providers are defined as those who have a contract with the state to not only provide child care but also determine eligibility for subsidies. Contract providers represent only a very small proportion of all providers serving children with subsidies. Contract providers are generally larger providers serving enough children with subsidies to make it worthwhile for them to take on the additional responsibility of determining eligibility.

- California reported that it was very liberal in its policy for reimbursing absences for non-TANF families. However, for TANF families, counties determine how many, if any, absent days they will reimburse.
- In Colorado, the number of absences for which counties pay ranges from zero to seven days per month.
- In Minnesota, counties may pay for no absent days or for all absent days; most counties pay for 12 to 24 absent days per year.
- New York allows counties to reimburse providers for up to 12 absences in a three-month period.
- North Carolina typically reimburses for up to five absent days per month, but counties have the option of paying based on attendance only.[147]
- Ohio requires that counties pay for at least 10 absent days per six-month period, but allows them to pay for additional absent days at their discretion.
- Texas' local boards generally allow up to 30 absent days a year.
- Virginia allows providers to be reimbursed for any absent days if the provider's policy is to charge private-paying families for them. However, some localities have set a maximum number of days for which they will pay without good cause.

Seven states reimburse for nearly all absent days and will usually only refuse to pay if the child is continually absent for an extended period of time and appears to have stopped attending completely (Connecticut, Hawaii, Idaho, Mississippi, North Dakota, Utah, and Wisconsin).

### Market Rates and the True Cost of Care

Even if a state collects accurate, up-to-date data on the rates providers charge and sets its reimbursement rates at the 75th percentile of the local market, the rates will still not reflect the full cost of providing care. A market rate survey only includes information about the fees providers actually charge to parents, and not the hidden costs that go into providing care. These costs include donations, volunteer time, and private subsidies. In addition, providers help subsidize the cost of care and keep prices down by accepting lower wages and foregoing benefits. Market rate surveys should be designed to collect some data on these hidden costs.

States can help providers cover some of the hidden costs of child care by offering supplementary supports in addition to basic subsidies. These can include quality improvement grants covering the cost of teacher training, salary increases and benefit packages for child care staff, and facility construction and repair. Such quality initiatives are beyond the scope of this report, but are an instrumental part of building a strong child care system.

### Interaction Between Payment Rates and Parent Fees

A state's maximum payment rate is the most a state would pay if a parent had no required co-payment. The actual amount a provider receives from the state is equal to the maximum payment rate *minus* the amount of the parent fee. As a result, in order for a provider to receive the full payment, the parent must pay the fee they owe. Yet providers, who are generally responsible for collecting the fee, often have difficulty ensuring that it is paid. Providers are frequently reluctant to demand payment from parents with whom they have a personal relationship, particularly since the provider may see the family struggling financially. Providers may also be unlikely to refuse to serve families who fail to make payments out of concern about the effects of disrupting a child's care. In some cases, providers may not receive parent fees simply because a parent stops showing up with their child before paying what they owe to the provider.

States can help avoid these situations by supporting providers in collecting fees. For example, states should clearly inform parents of their responsibility for the fees or collect the fees themselves. More importantly, fees should be kept at a reasonable level—if fees are too high, parents may not pay them at all, leaving the provider to shoulder the burden.

---

[147] North Carolina will also pay for more than five absent days if special circumstances exist.

### *Parent Fees to Cover the Shortfall When State Rates Are Below Provider Rates*

Over two-thirds of the states allow providers to ask parents to pay the difference between the state's rate and the provider's rate. A provider whose rates exceed the state's rates may be more willing to serve families with subsidies if the provider knows they can make up the shortfall by charging the parents. In this way, allowing providers to charge additional fees may enable parents receiving child care assistance to have access to providers that would otherwise not serve them at all. However, this policy has a significant downside as it also creates hidden fees for parents on top of the fees already required. The only acceptable way to solve this dilemma is for states to set sufficient rates.

- Thirty-six states allow providers to charge parents additional fees beyond required co-payments (Alabama, Alaska, Arizona,[148] California, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Indiana, Kansas, Kentucky, Louisiana, Maryland, Michigan, Minnesota, Mississippi, Missouri,[149] Montana, Nevada,[150] New Hampshire, New Jersey, New York, North Carolina, North Dakota, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Utah, Vermont, Virginia, Wisconsin, and Wyoming).
- Fourteen states require providers to accept the state's rates as full payment and do not allow them to charge additional fees to parents (Arkansas, Colorado, District of Columbia, Iowa, Maine, Massachusetts, Nebraska,[151] New Mexico,[152] Ohio, Oklahoma, Rhode Island, Texas, Washington, and West Virginia).
- Illinois requires contracted providers to accept the state's rate as full payment, but allows providers receiving certificates to charge parents additional fees.

### *Rates for Wrap-Around Child Care for Head Start and Other Prekindergarten Programs*

Fifteen states support wrap-around care for children enrolled in Head Start or prekindergarten by providing full-day reimbursement or through other reimbursement policies.[153] This policy helps parents who are working full time but whose children attend a part-day comprehensive Head Start or prekindergarten program.

States should offer a full-day rate for wrap-around care in all circumstances. Some set restrictions such as requiring the care to be offered at the same site as the Head Start or prekindergarten program or the child to be in care for a certain number of hours a day in addition to the Head Start or prekindergarten hours. These policies may be intended to encourage more stable situations for children, such as on-site care that enables children to stay in the same location for the entire day without disruption. However, the policies can also make it difficult for parents to take advantage of wrap-around care and make it less likely that providers will

---

[148] Arizona noted that if TANF parents were unable to pay the additional fee, and could not find another provider, they would not be sanctioned for failing to meet welfare work requirements.

[149] In Missouri, some families, such as families in the Children's Services child care program and grandparents acting as foster parents, cannot be asked to pay additional fees.

[150] Nevada covers one-time fees such as registration fees in certain circumstances, but not regular fees above the state maximum rate.

[151] In Nebraska, parents cannot be asked to pay to make up the shortfall between the provider's rate and the state's rate on a regular basis, but they can be asked to pay out of their own pocket to cover absent days, which are not reimbursed by the state.

[152] New Mexico allows providers to charge parents fees for special events such as field trips and gross receipts tax (sales tax), but not for the basic rate.

[153] In addition to the states listed below, North Carolina pays a part-day rate for wrap-around care for days on which Head Start operates and a full-day rate during school vacations and holidays.

hold a slot for a child in wrap-around care for only a few hours a day. On the other hand, some states offer providers of wrap-around care additional benefits, such as being paid in advance rather than on a reimbursement basis.

- Georgia pays for wrap-around care for eligible children in Head Start and the state-funded prekindergarten program. The state pays providers at the full before- and after-school rate, even if wrap-around care is only provided for an hour a day. Georgia also pays for full-day care during the summer for children in Head Start who need it.
- Iowa makes wrap-around grants available to Head Start programs as well as Early Head Start, Early Childhood Special Education, Title I preschool, and Iowa Department of Education prekindergarten programs serving children whose parents otherwise meet the requirements of the child care assistance program. Grants can fund up to 16 children. Grantees receive full-year funding at the beginning of the grant period.
- Louisiana intended to begin supporting wrap-around care for families in Head Start in the summer of 2000. The state planned to reimburse providers at a higher rate than the standard child care reimbursement rate because Head Start programs have better staff/child ratios, stronger credential requirements for teachers, and higher standards overall. The centers would receive an advance payment in order to get started. The state would make the assistance more accessible by having centers gather verification and application information from families for determining eligibility.
- Maine pays centers a full-day rate for wrap-around care. The state also has a family care wrap-around program with Head Start where Head Start pays for the support services and CCDBG funds are used to cover the full-day child care.
- In Michigan, the Department of Education supports wrap-around care for the state prekindergarten program. The funds are provided through the Department of Education, but the child care agency worked with the Department and testified before the legislature to help secure those funds.
- New Hampshire pays a full-day rate for wrap-around care offered by licensed providers. These providers also receive training from Head Start to help them improve their quality of care.
- Ohio gives counties the option of paying a full-day rate for Head Start wrap-around care.
- Oregon allows programs to receive the full-day rate for wrap-around care. The state also pays for slots in Head Start that allow programs to have a vacancy rate of up to 25 percent (due to absences or temporarily unfilled slots) and still receive full reimbursement.
- South Dakota provides full-day reimbursement to Head Start programs operating for the full day and to child care programs caring for Head Start children attending their program part time.
- Tennessee pays a full-day rate for Head Start programs that provide wrap-around care.
- Vermont contracts for full-day, full-year Head Start under a pilot project. Head Start programs (and private child care programs offering Head Start services) that are licensed and accredited are eligible to participate. The contract requires that all children in the program, whether eligible for Head Start or not, be provided access to comprehensive services. Programs receive payment upfront on a quarterly basis.
- Washington allows Head Start programs to qualify for full-day subsidies as long as the program is open at least five hours total (including hours of the Head Start day).
- Wyoming is currently piloting a project to provide child care in a Head Start program by purchasing slots. The state pays the half-day rate when Head Start operates and the full-day rate when it does not, such as on the fifth day of the week for a four-day-a-week program. The slots are guaranteed, so the state reimburses the provider whether or not the slots are filled. The pilot was operating in one center as of March 2000, but the state hoped to expand it to additional centers.

- Utah and Wisconsin provide full-day reimbursement for wrap-around care for Head Start if the care is provided at the same site as Head Start.

## Differential Rates

Many states set higher reimbursement rates for certain types of care that are particularly costly to provide or difficult for parents to find, such as care for children with special needs, care during nontraditional hours, and high quality care. States vary widely in which differential rates, if any, they offer, how they set these rates, and the amount of the differential. Four out of five states offer higher rates for special needs care in at least some circumstances. In addition, two-thirds of the states have established differential rates for one or more separate categories of care.

Differential rates can be used for several purposes. One is to reflect the higher market rates for certain subsets of care that may not be represented if that type of care is subsumed into a larger category. For example, if accredited center-based care is grouped with all licensed center-based care and the market rate is determined for that entire category, the rate would be much lower than the market rate for accredited center-based care alone.

Differential rates also allow a rate to be set for a particular type of care when the market for it is too small or does not exist at all and an accurate market price cannot be determined. For example, odd-hour and special needs care are offered on a very limited basis, so the market surveys on which standard rates are based may include little or no data on these types of care. Differential rates help compensate for this while at the same time offering an incentive for more providers to offer care that is in short supply.

In addition, differential rates can be used as a means for driving the market, as opposed to having the market control the rate. This is particularly valuable in the case of providers located in low-income communities, where they must keep their prices down because otherwise private-paying parents could not afford to pay and the providers would have unfilled slots. Low prices discourage providers from serving low-income neighborhoods and leave those providers that do with nowhere near enough resources to offer quality care. Rather than reinforcing this pattern, reimbursement rate structures should be designed to bolster providers in low-income neighborhoods. Differential rates can help encourage providers to serve these communities, where child care is often in very short supply, and enable them to offer higher quality care, which low-income children urgently need.

In some cases, states implement differential rates as a way to increase provider reimbursements when they are unable to raise rates across the board. Yet, a small differential cannot compensate for a rate that is far below the market rate. States should provide both adequate base rates and substantial add-ons to encourage, reward, and support high quality and hard-to-find care.

### *Differential Rates for Special Needs Care*

Most states pay higher rates for care for children with special needs in at least some circumstances, recognizing that this care is more costly to provide and that providers may need an additional incentive to agree to serve children with special needs. States differ in the ways they set rates for children with special needs. They generally do not have a market rate for special needs care to use as a reference point in setting this rate because there is no real market or market price for this type of care. The Americans with Disabilities Act requires providers to make reasonable accommodations to serve children with disabilities and other special needs and prohibits providers from charging parents additional fees for these accommodations. On the other hand, if a provider would have to take extensive measures to accommodate a child with severe needs, the provider is not required to serve the child. As a result, providers often do not put a price on special needs care or do not offer it at all.

Without market data to reflect the price of special needs care, states use alternative approaches.

In about half of the states, the rates are higher by a certain amount or certain percentage, and this amount or percentage may be based on at least some research or may just be set arbitrarily. Many of these states require the provider to document the additional expenses incurred in providing the care to qualify for the full special needs rate. Several states determine the rate based on a child's developmental age rather than their chronological age, so that, for example, care for a four-year-old with developmental delays would be reimbursed at the infant rate. Other states negotiate the special needs rate individually for each case based on the extra costs of providing the care, such as additional staff or equipment costs.

- Eight states do not offer higher rates for special needs care (Alabama, Georgia,[154] Idaho, New Hampshire,[155] New Jersey, New Mexico, North Dakota, and Rhode Island).
- Eight states offer higher rates that were established based, at least to a certain extent, on historical data or more recent studies (Alaska, Mississippi, Montana,[156] Nebraska, North Carolina,[157] Oklahoma, Texas, and Washington).
- Fifteen states set the maximum reimbursement rate for special needs care at a certain dollar amount or percentage above the standard rate, but did not indicate how this rate was arrived at (California, Colorado, Delaware, Indiana, Iowa, Kentucky, Louisiana, Maine,[158] Maryland, Missouri, Ohio, South Carolina, South Dakota, Vermont, and Wyoming).
- Five states pay based on developmental rather than chronological age or simply use the infant rate for all children with special needs (New York, Oregon,[159] Pennsylvania, Utah, and West Virginia).
- Kansas allows providers to receive both a rate based on a child's developmental age and a special needs bonus (15 cents per hour above the standard rate) on top of that.
- Nine states determine rates for special needs care on a case-by-case basis (Arkansas, Connecticut, Florida,[160] Illinois,[161] Michigan, Minnesota, Tennessee, Virginia, and Wisconsin).
- Three states do not have special needs rates, but did mention having contracts that offer higher rates for special needs care (Arizona, District of Columbia, and Hawaii).
- Massachusetts does not have higher rates for children with special needs, but it has a flexible pool of funding that is used to provide supplemental funding for child care providers serving these children. Providers may request flexible funding for additional staff, staff training, or consultation services.
- Nevada does not have higher special needs rates, but does offer grants for ramps and other modifications to help providers serving children with special needs.

Among those states that set their special needs rates at a particular level, there is great variation in the amount by which the special needs rate exceeds the base rate. Montana's special needs rate for a four-year-old in a center is just 25 cents a day, or 1 percent, more than the rate for a child who does not have special needs. In contrast, Iowa's special needs rate is three times as high as the standard rate, exceeding it by $38.10 a day. In about half of the states that set special needs rates, this rate for a four-year-old in a licensed center exceeds the standard rate for the same category by 30 percent or more (Alaska, California,[162] Colorado, Iowa, Kansas, Maine, Nebraska, New York, Oklahoma, Oregon, Texas, Utah, Washington, West Virginia, and Wyoming).

---

[154] Georgia allows a special waiver to be issued in some circumstances, such as for a child with serious medical needs when more expensive care is necessary, but this is rare.

[155] New Hampshire had plans to implement a higher special needs rate in August 2000.

[156] Montana was considering switching from a set rate to negotiated rates based on an individual child's needs.

[157] North Carolina uses an established rate for certified development centers, which serve children with severe needs, but it also uses higher rates for children with special needs who are in typically developing centers. These rates are determined on a case-by-case basis.

[158] In Maine, only voucher agencies, and not contracted agencies, can receive the differential for special needs care.

[159] In April 2000, Oregon also began implementing a system for determining higher rates for children with severe disabilities or needing an extraordinary amount of care. Rates are determined on an individual basis by a specialist in each region using a rating scale to assess a child's needs.

[160] In Florida, the infant rate is typically used for care for children with special needs, but a higher rate than this may also be negotiated if the circumstances require it.

[161] Illinois planned to begin using a 20 percent add-on for special needs care as of July 1, 2000.

It should be noted that states differ in their definitions of special needs. Although our survey did not ask all states to explain how they defined special needs, some states indicated that they use specific definitions from other programs and legislation such as the Individuals with Disabilities Act (IDEA) as a basis while other states use broader definitions. Some states only provide higher rates for children with severe disabilities, while others allow higher rates for children with mild disabilities as well.

A few states have both a rate for children with minor disabilities or delays and another rate for children with more serious needs:

- California has multiple steps, paying an amount slightly above the basic rate for care for children with mild disabilities and a rate above that for children with more severe disabilities.
- Kansas takes into account the developmental age of the child and provides a small bonus for centers and family child care homes caring for children who have minor special needs, such as requiring insulin shots or a special diet, but who are able to function without extensive support services. The state also designates Special Purpose Child Care Centers, which serve children with more serious diagnosed disabilities and developmental delays and which receive a rate that is about three times the standard rate.
- North Carolina has certified developmental day centers that are recognized as offering higher quality services for children with severe special needs. These centers receive substantially higher rates, depending on the cost of care for the center and receipt, if any, of funding from other sources. The state also offers supplemental rates for children who are able to be mainstreamed into programs with typically developing children.
- Ohio, in addition to setting the special needs rate at 5 percent above the standard rate, also allows counties to request waivers for even higher rates for special needs care if necessary.

---

[162] California's rate for care for children with mild needs is only 20 percent above the base rate, but its rate for care for children with severe needs is 50 percent above the base rate.

## Reimbursement Rates for Care for Children with Special Needs as of March 2000

| State | Monthly rate for special needs care for a four-year-old in a licensed center | Monthly difference between special needs rate and base rate | Percent by which special needs rate exceeds base rate |
|---|---|---|---|
| Alabama | No special needs rate | N/A | N/A |
| Alaska | $950 | $375 | 65% |
| Arizona | No general special needs rate, but particular contracts available offering higher rates for special needs care | N/A | N/A |
| Arkansas | Determined on a case-by-case basis | N/A | N/A |
| California | $991 for mild needs; $1,238 for severe needs | $165 for mild needs; $413 for severe needs | 20% for mild needs; 50% for severe needs |
| Colorado | $1,428 | $714 | 100% |
| Connecticut | Determined on a case-by-case basis | N/A | N/A |
| Delaware | $389 | $16 | 4% |
| District of Columbia | No general special needs rate, but particular contracts available offering higher rates for special needs care | N/A | N/A |
| Florida | Determined on a case-by-case basis | N/A | N/A |
| Georgia | No special needs rate | N/A | N/A |
| Hawaii | No general special needs rate, but particular contracts available offering higher rates for special needs care | N/A | N/A |
| Idaho | No special needs rate | N/A | N/A |
| Illinois | Determined on a case-by-case basis | N/A | N/A |
| Indiana | $572 | $52 | 10% |
| Iowa | $1,236 | $825 | 201% |
| Kansas | $781 for less severe needs (equal to infant rate plus add-on for special needs care); $1,374 for Special Purpose Centers | $321 for less severe needs; $917 for Special Purpose Centers | 70% for less severe needs; 199% for Special Purpose Centers |
| Kentucky | $390 | $22 | 6% |
| Louisiana | $406 | $81 | 25% |
| Maine* | $864 | $288 | 50% |
| Maryland | $675 | $88 | 15% |
| Massachusetts | No general special needs rate, but supplemental funding available for special needs care | N/A | N/A |
| Michigan | Determined on a case-by-case basis | N/A | N/A |
| Minnesota | Determined on a case-by-case basis | N/A | N/A |
| Mississippi | $359 | $56 | 19% |

Continued next page

## Reimbursement Rates for Care for Children with Special Needs as of March 2000 (continued)

| State | Monthly rate for special needs care for a four-year-old in a licensed center | Monthly difference between special needs rate and base rate | Percent by which special needs rate exceeds base rate |
|---|---|---|---|
| Missouri | $414 | $83 | 25% |
| Montana | $390 | $5 | 1% |
| Nebraska | $628 | $173 | 38% |
| Nevada | No general special needs rate, but grants available for modifications | N/A | N/A |
| New Hampshire** | No special needs rate | N/A | N/A |
| New Jersey | No special needs rate | N/A | N/A |
| New Mexico | No special needs rate | N/A | N/A |
| New York | $1,104 (equal to infant rate) | $260 | 31% |
| North Carolina | $3,186 for certified development centers; determined on a case-by-case basis using data from cost study for children with special needs in typically developing centers | $2,716 for certified development centers (compared to one-star rate); N/A for children with special needs in typically developing centers | 578% (compared to one-star rate); N/A for children with special needs in typically developing centers |
| North Dakota | No special needs rate | N/A | N/A |
| Ohio | $500; counties allowed to request waivers for higher rates if necessary | $24 | 5% |
| Oklahoma*** | $541 | $216 (above a two-star center) | 66% (above a two-star center) |
| Oregon**** | $730 (equal to infant rate) | $332 | 83% |
| Pennsylvania | $740 (equal to infant rate) | $134 | 22% |
| Rhode Island | No special needs rate | N/A | N/A |
| South Carolina | $407 | $87 | 27% |
| South Dakota | $487 | $97 | 25% |
| Tennessee | Determined on a case-by-case basis | N/A | N/A |
| Texas | $826 | $391 | 90% |
| Utah | $520 (equal to infant rate) | $148 | 40% |
| Vermont | $461 | $51 | 13% |
| Virginia | Determined on a case-by-case basis | N/A | N/A |
| Washington | $748 | $173 | 30% |

Continued next page

### Reimbursement Rates for Care for Children with Special Needs as of March 2000 (continued)

| State | Monthly rate for special needs care for a four-year-old in a licensed center | Monthly difference between special needs rate and base rate | Percent by which special needs rate exceeds base rate |
|---|---|---|---|
| West Virginia | $520<br>(equal to infant rate) | $152 | 41% |
| Wisconsin | Determined on a case-by-case basis | N/A | N/A |
| Wyoming | $700 | $250 | 56% |

Monthly rates were calculated from hourly, daily, and weekly rates assuming that children are in care 9 hours a day, 5 days a week, 4.33 weeks a year.

*Maine's special needs rate is only available to voucher agencies and not contracted agencies.

**New Hampshire planned to implement a special needs rate in August 2000.

***The special needs rate shown here for Oklahoma is for care for children with severe needs. The state also has a rate for care for children with mild needs. However, this rate ($281 per month) was actually below the standard rate for a two-star center as of March 2000, because the rate did not take into account the star level of the center under the state's multi-tiered quality rating system.

**** In April 2000, Oregon also began implementing a system for determining higher rates for children with severe disabilities or needing an extraordinary amount of care. Rates are determined on an individual basis by a specialist in each region using a rating scale to assess a child's needs.

## *Differential Rates for Higher Quality Care*

Twenty-two states—including Arizona, Colorado,[163] Connecticut, Florida, Hawaii, Kentucky, Maine, Minnesota, Missouri, Nebraska, New Jersey, New Mexico,[164] New York,[165] North Carolina, Oklahoma, Oregon, South Carolina, Texas, Utah, Vermont, West Virginia, and Wisconsin—indicated that they provide higher rates for higher quality care.[166] In most of these states, higher quality care is defined as accredited care, but some states use alternate criteria. For example:

- In Colorado, where differential rates are offered at the county's option, some counties pay higher rates to center-based programs with better scores on the ECERS (Early Childhood Environment Rating Scale, a standardized measure of classroom structure, process, and interactions) or family child care providers with higher levels of training.
- Florida has developed its own designation of Gold Seal centers for providers meeting higher standards.
- Oregon provides enhanced rates to family child care providers who receive additional training beyond minimum requirements.
- Vermont allows not only accredited family child care homes and centers to receive the differential, but also registered home providers who have their Child Development Associate credential (CDA).

Some states have multiple tiers, with rates increasing with each tier. South Carolina has a differential rate for enhanced providers that meet certain criteria beyond minimum licensing standards and an even higher rate for accredited providers. Oklahoma now has a three-tier system and New Mexico is piloting its Aim High initiative, which establishes five different quality levels. Kentucky plans to begin implementing tiered rates as well.

---

[163] In Colorado, it is determined at the local level whether or not to offer differential rates.

[164] New Mexico is in the pilot phase of implementing its tiered rates.

[165] New York allows local districts the option of offering differential rates for accredited care. To date, only four or five districts out of 58 statewide have approved differential rates.

[166] In addition, Ohio planned to implement a higher rate for accredited care in October 2000 and Nevada planned to implement tiered rates.

North Carolina recently began implementing a five-star rating system. The state's system is unique in that it is tied to the state child care licensing system, so it applies to all child care providers and not just those who receive public funds.

In some cases, the differential rate is limited to those accredited or higher quality providers that meet certain other criteria. For example, Hawaii's differential rate is only available to accredited centers, not accredited family child care homes, although the state is considering allowing family child care homes to receive the higher rate. In Connecticut, the differential rate is only used for low-income families served by the certificate program, and not TANF and transitioning families.

The maximum amount of the differential varies widely from state to state, ranging from an additional 4 percent ($5 per week) above the standard rate for center-based care for a four-year-old in Connecticut to an additional 35 percent ($113 per month) above the standard rate in South Carolina.[167]

- In six states—Connecticut, Hawaii, New Jersey, North Carolina,[168] Oregon, and Texas—the rate for higher quality care is less than 10 percent above the standard rate.
- Five states—Arizona, Maine, Minnesota, Utah, and Wisconsin—set their differentials at 10 percent above the standard rate.
- In 10 states—Florida, Kentucky, Missouri, Nebraska, New Mexico,[169] New York,[170] Oklahoma, South Carolina, Vermont, and West Virginia—the differential is more than 10 percent.

For an accredited provider serving large numbers of children with subsidies, the differential rates for all of the children can add up and make a significant difference in income. However, in many states, the differential is too small to make a truly notable impact on providers. In addition, a differential rate may be added on top of a base rate that is far below the market rate, so the total rate would still be inadequate. For example, Connecticut offers a differential of $5 a week for accredited care, but this is a minimal bonus, especially given that the state's standard rate is still at the 75th percentile of *1991* rates. A differential rate for higher quality care can help providers make marginal improvements and may give providers the final extra push toward becoming accredited or meeting additional standards, but unless it is a large differential, it will not be sufficient to help programs bring up their level of quality and maintain it.

The majority of states do not allow the total rate—the differential plus the base rate—to exceed the rate charged to private-paying parents. However, Florida, Maine, North Carolina, Oklahoma, and, if permitted by the individual counties, Colorado allow the rate to be higher than the private-pay rate. In the remaining states, some providers may have difficulty accessing the maximum differential rate because they cannot charge a rate this high to their private-paying parents. This may be a particular problem in communities where large numbers of families have low incomes, but are unable to qualify for child care assistance, and cannot afford higher priced care.

---

[167] Data on the amount of the differential for higher quality care are not available for Colorado. Counties determine whether to offer differential rates and what rates to offer.

[168] In North Carolina, providers may also qualify for a quality bonus through the state's Smart Start program. Individual counties determine whether to offer the bonuses, which range from 5 to 40 percent above the standard payment rate.

[169] In New Mexico, where the rate schedule has five different tiers, the rate for the second level is not differentiated, and the rates for the third and fourth levels are less than 10 percent above the base rate, but the rate for providers attaining the highest level of quality receive a rate that is 18 percent above the base rate.

[170] New York allows districts to set their differential rate as high as 15 percent, but they may choose to set it lower.

## Differential Rates for Higher Quality Care as of March 2000

| State | Does the state offer differential rates for higher quality care? | Which providers are eligible to receive the differential rate? | Where does the state set the differential rate? | Differential rate, in additional dollars per month above the base rate (for a four-year-old in a center) | Differential rate, as a percentage increase over the base rate (for a four-year-old in a center) |
|---|---|---|---|---|---|
| Alabama | No | | | | |
| Alaska | No | | | | |
| Arizona | Yes | Accredited centers and homes | 10% above base rate | $39 | 10% |
| Arkansas | No | | | | |
| California | No | | | | |
| Colorado | Yes, at county option | In some counties, center-based providers with higher ECERS scores and/or family child care providers with higher training levels | Determined by county | Varies by county | Varies by county |
| Connecticut | Yes, but only for certificate program serving low-income families; not programs serving TANF and transitioning families | Accredited centers, homes and school-age programs | $5 per week per child above base rate | $22 | 4% |
| Delaware | No | | | | |
| District of Columbia | No | | | | |
| Florida | Yes | Gold Seal homes and centers | 20% above base rate | $88 | 20% |
| Georgia | No | | | | |
| Hawaii | Yes | Centers accredited by NAEYC | Total rate for higher quality care set at $400 per month, versus base rate of $375 per month | $25 | 7% |
| Idaho | No | | | | |
| Illinois | No | | | | |
| Indiana | No | | | | |
| Iowa | No | | | | |
| Kansas | No | | | | |

Continued next page

## Differential Rates for Higher Quality Care as of March 2000 (continued)

| State | Does the state offer differential rates for higher quality care? | Which providers are eligible to receive the differential rate? | Where does the state set the differential rate? | Differential rate, in additional dollars per month above the base rate (for a four-year-old in a center) | Differential rate, as a percentage increase over the base rate (for a four-year-old in a center) |
|---|---|---|---|---|---|
| Kentucky | Yes | Accredited centers or certified homes | $2 per day above base rate | $43 | 12% |
| Louisiana | No | | | | |
| Maine | Yes | Accredited providers | Adjustment factor of 1.10 applied to base rate | $58 | 10% |
| Maryland | No | | | | |
| Massachusetts | No | | | | |
| Michigan | No | | | | |
| Minnesota | Yes | Accredited providers | 10% above base rate | $66 | 10% |
| Mississippi | No | | | | |
| Missouri | Yes | Accredited providers (state recognizes seven accrediting organizations) | 20% above base rate | $66 | 20% |
| Montana | No | | | | |
| Nebraska | Yes | Accredited care | Total rate set at $24 per day versus base rate of $21 per day ($26 per day for an infant in an accredited center; $20 per day for an infant and $18 per day for an older child in an accredited family child care home) | $65 | 14% |

Continued next page

## Differential Rates for Higher Quality Care as of March 2000 (continued)

| State | Does the state offer differential rates for higher quality care? | Which providers are eligible to receive the differential rate? | Where does the state set the differential rate? | Differential rate, in additional dollars per month above the base rate (for a four-year-old in a center) | Differential rate, as a percentage increase over the base rate (for a four-year-old in a center) |
|---|---|---|---|---|---|
| Nevada | No (but planned to begin offering tiered rates) | | | | |
| New Hampshire | No | | | | |
| New Jersey | Yes | Accredited centers, school-age programs, summer camps, and family child care homes | 5% above base rate | $24 | 5% |
| New Mexico | Yes | Providers meeting higher quality levels as assessed on the state's five-tier Aim High rating scale | Level 3 providers receive $16.50 above monthly base rate, Level 4 $33 above monthly base rate, and Level 5 $66 above monthly base rate (Level 2 providers do not receive a differential rate) | $16.50, $33, or $66 | 5%, 9%, or 18% |
| New York | Yes, at district option | Accredited care, at district option | Districts may set the differential at up to 15% above the market rate | up to $127 | up to 15% |
| North Carolina* | Yes | Providers with a two-, three-, four-, or five-star rating under the state's tiered licensing system | $14 per month above base rate for two stars, $17 for three stars, $20 for four stars, $23 for five stars | $14, $17, $20, or $23 (compared to one-star rate) | 3.0%, 3.6%, 4.3%, or 4.9% (compared to one-star rate) |
| North Dakota | No | | | | |

Continued next page

## Differential Rates for Higher Quality Care as of March 2000 (continued)

| State | Does the state offer differential rates for higher quality care? | Which providers are eligible to receive the differential rate? | Where does the state set the differential rate? | Differential rate, in additional dollars per month above the base rate (for a four-year-old in a center) | Differential rate, as a percentage increase over the base rate (for a four-year-old in a center) |
|---|---|---|---|---|---|
| Ohio | No (but planned to allow counties the option of implementing a 5% higher rate for NAEYC-accredited programs as of October 2000) | | | | |
| Oklahoma | Yes | Homes and centers meeting criteria for a two-star or three-star rating (three-star rating is for accredited programs) | Total rate set at $325 per month for two-star centers and $346 per month for three-star centers, versus $260 per month for one-star centers | $65 or $86 (compared to one-star rate) | 25% or 33% (compared to one-star rate) |
| Oregon | Yes | Family child care providers meeting certain training requirements | 7% above base rate | Data not available | 7% (for family child care) |
| Pennsylvania | No | | | | |
| Rhode Island | No | | | | |
| South Carolina | Yes | Enhanced and NAEYC-accredited centers | Enhanced centers receive rate of $82 a week, plus $5-a-week quality bonus and NAEYC-accredited centers receive $95 a week, plus $5-a-week quality bonus, versus base rate of $74 a week | $57 or $113 | 18% or 35% |
| South Dakota | No | | | | |
| Tennessee | No | | | | |

Continued next page

## Differential Rates for Higher Quality Care as of March 2000 (continued)

| State | Does the state offer differential rates for higher quality care? | Which providers are eligible to receive the differential rate? | Where does the state set the differential rate? | Differential rate, in additional dollars per month above the base rate (for a four-year-old in a center) | Differential rate, as a percentage increase over the base rate (for a four-year-old in a center) |
|---|---|---|---|---|---|
| Texas | Yes | "Designated vendors" (providers meeting certain quality criteria that are higher than licensing standards) | 5% above base rate required for designated vendors; counties may also have multiple categories and pay more than the minimum 5% differential | $22 (minimum) | 5% (minimum) |
| Utah | Yes | Accredited centers and family child care providers | Total rate for accredited centers set at $18.90 per day, versus base rate of $17.19 per day (rate for accredited family child care set at $16.50 per day, versus base rate of $15 per day) | $37 | 10% |
| Vermont | Yes | Registered home providers with a Child Development Associate degree (CDA) or National Association for Family Child Care (NAFCC) accreditation and accredited centers | 15% bonus added to base rate | $62 | 15% |
| Virginia | No | | | | |
| Washington | No | | | | |
| West Virginia** | Yes | Accredited family child care or center care | Accredited care reimbursed at the 85th percentile, which is 50 cents to $2 per day above base rates | $11 to $43 | 3% to 12% |

Continued next page

### Differential Rates for Higher Quality Care as of March 2000 (continued)

| State | Does the state offer differential rates for higher quality care? | Which providers are eligible to receive the differential rate? | Where does the state set the differential rate? | Differential rate, in additional dollars per month above the base rate (for a four-year-old in a center) | Differential rate, as a percentage increase over the base rate (for a four-year-old in a center) |
|---|---|---|---|---|---|
| Wisconsin | Yes | Accredited providers | 10% above base rate | $71 | 10% |
| Wyoming | No | | | | |

Monthly rates were calculated from hourly, daily, and weekly rates assuming care was provided 9 hours a day, 5 days a week, 4.33 weeks a month.

States that offer higher rates for accredited care did not always specify which accreditation criteria they accepted.

*In North Carolina, some counties also offer Smart Start quality bonuses of 5 to 40 percent above the base rate.

**West Virginia planned to revise its differential rates and set them at $4 per day above the base rate for all types of care, as of October 2000.

## *Differential Rates for Nontraditional-Hour Care*

Many low-income families work during non-standard hours—hours other than weekdays 9 a.m. to 5 p.m. Nationwide, more than 25 percent of low-income working families primarily work evening or overnight shifts.[171] In contrast, 83 percent of higher-income working families work traditional daytime hours, with only 17 percent working primarily evening or overnight duty. Despite the clear need for odd-hour care among low-income families, care during these hours is particularly hard to find.

Thirteen states, including Arkansas, California, Colorado,[172] District of Columbia, Illinois, Kentucky, Maine,[173] Maryland, Missouri, New York,[174] Ohio,[175] Pennsylvania, and Washington, have attempted to address this scarcity by offering higher rates for odd-hour care. Definitions of odd hour care differ slightly from state to state, but generally providers can receive the differential rate for care provided before 6 a.m. or after 6 p.m. during the weekday or anytime during the weekend.

States take various approaches in structuring their differential rates. Some states reimburse providers at a higher hourly rate than the standard hourly rate for each hour of care offered during evenings or weekends. California applies an adjustment factor of 1.36 to the standard rate (36 percent above the standard rate) for determining the reimbursement rate for odd-hour care. The state sets this adjustment figure based on the most recent market rate data for this type of care. Other states may add on a flat amount to the daily, weekly, or monthly rate if a provider offers a certain minimum number of hours of care during non-standard hours. For example, Washington provides a monthly bonus of $73 to $108, depending on the region, for care offered for a total of 15 or more hours per month before 6 a.m. or after 6 p.m. Monday to Friday or anytime Saturday or Sunday. In Illinois, if a provider offers care at least two hours before 6 a.m. or after 6 p.m., they receive an extra $2 per day for each child over two-and-a-half, and an extra $3 per day for each child under two-and-a-half.

---

[171] Gregory Acs, Katherin Ross Phillips, and Daniel McKenzie, *On the Bottom Rung: A Profile of Americans in Low-Income Working Families* (Washington, D.C.: Urban Institute, October 2000). Available on the Internet at www.urban.org.

[172] In Colorado, the differential for odd-hour care is offered at the option of the individual county.

[173] In Maine, only voucher agencies, and not contracted agencies, can receive the differential for nontraditional-hour care.

[174] In New York, the differential for odd-hour care is offered at the option of the individual district.

[175] In Ohio, the differential for odd-hour care is offered at the option of the individual county.

## Differential Rates for Nontraditional-Hour Care as of March 2000

| State | Does the state offer differential rates for nontraditional-hour care? | Where does the state set the differential rate? (for a four-year-old in a center) | Differential rate, in additional dollars per month above the base rate (for a four-year-old in a center) | Differential rate, as a percentage increase over the base rate (for a four-year-old in a center) |
|---|---|---|---|---|
| Alabama | No | | | |
| Alaska | No | | | |
| Arizona | No | | | |
| Arkansas | Yes | $20 per day for weekend care, compared to $15.40 per day for weekday care (providers can also receive the standard full-day rate if they provide at least four hours of care at night) | Not applicable | 30% (daily rate for weekend versus weekday care) |
| California | Yes, but only for TANF families | 1.36 adjustment factor applied to base rate (adjustment factor determined using market rate survey data) | $297 | 36% |
| Colorado | Yes, at county option | Varies by county | Varies by county | Data not available |
| Connecticut | No | | | |
| Delaware | No | | | |
| District of Columbia | Yes | Data not available | Data not available | Data not available |
| Florida | No | | | |
| Georgia | No | | | |
| Hawaii | No | | | |
| Idaho | No | | | |
| Illinois | Yes, for care provided for at least 2 hours per day before 6 a.m. or after 6 p.m. | $2 per day above base rate for child over 2½ ($3 per day above base rate for child under 2½) | $43 | 8% |
| Indiana | No | | | |
| Iowa | No | | | |
| Kansas | No | | | |

Continued next page

## Differential Rates for Nontraditional-Hour Care as of March 2000 (continued)

| State | Does the state offer differential rates for nontraditional-hour care? | Where does the state set the differential rate? (for a four-year-old in a center) | Differential rate, in additional dollars per month above the base rate (for a four-year-old in a center) | Differential rate, as a percentage increase over the base rate (for a four-year-old in a center) |
|---|---|---|---|---|
| Kentucky | Yes | $1 per day above base rate | $22 | 6% |
| Louisiana | No | | | |
| Maine | Yes, but only for agencies receiving certificates, not contract agencies | 1.35 adjustment factor applied to base rate | $202 | 35% |
| Maryland | Yes | 5% above base rate if less than 2 hours a day, 10% for 2 to 4 hours a day, 15% for 4 or more hours a day | $29, $59, or $88 | 5%, 10%, or 15% |
| Massachusetts | No (but as of June 2001, began implementing pilot program to offer higher rates for nontraditional-hour care) | | | |
| Michigan | No | | | |
| Minnesota | No | | | |
| Mississippi | No | | | |
| Missouri | Yes | 15% above base rate | $50 | 15% |
| Montana | No | | | |
| Nebraska | No | | | |
| Nevada | No | | | |
| New Hampshire | No | | | |
| New Jersey | No | | | |
| New Mexico | No | | | |
| New York | Yes, at district option | May be set by district at up to 15% above base rate | up to $127 | up to 15% |
| North Carolina | No | | | |
| North Dakota | No | | | |
| Ohio | Yes, at county option | 5% above base rate, at county option | $24 | 5% |

Continued next page

## Differential Rates for Nontraditional-Hour Care as of March 2000 (continued)

| State | Does the state offer differential rates for nontraditional-hour care? | Where does the state set the differential rate? (for a four-year-old in a center) | Differential rate, in additional dollars per month above the base rate (for a four-year-old in a center) | Differential rate, as a percentage increase over the base rate (for a four-year-old in a center) |
|---|---|---|---|---|
| Oklahoma | No | | | |
| Oregon | No | | | |
| Pennsylvania | Yes | 10% above base rate | $61 | 10% |
| Rhode Island | No | | | |
| South Carolina | No | | | |
| South Dakota | No | | | |
| Tennessee | No | | | |
| Texas | No | | | |
| Utah | No | | | |
| Vermont | No | | | |
| Virginia | No | | | |
| Washington | Yes, for care provided for 15 or more hours per month before 6 a.m. or after 6 p.m. Monday to Friday or anytime Saturday or Sunday | $73 to $108 per month depending on the region | $73 to $108 | 19% |
| West Virginia | No | | | |
| Wisconsin | No | | | |
| Wyoming | No | | | |

Monthly rates for standard-hour care, to which rates for nontraditional-hour care were compared, were calculated from hourly, daily, and weekly rates assuming care was provided 9 hours a day, 5 days a week, 4.33 weeks a month.

Monthly rates for nontraditional-hour care were calculated from daily rates assuming care was provided 5 days a week, 4.33 weeks a month.

### *Other Differential Rates*

Several states establish higher rates for other types of care that are more costly to provide or scarce and that providers may need a greater incentive to offer, or to help providers serving large numbers of children who receive subsidies.

- A few states set differential rates for providers caring for large numbers of children receiving subsidies—sometimes referred to as "disproportionate share." In Illinois, providers receive a 10 percent higher rate if at least one-quarter of their children are under two-and-a-half and half are receiving subsidies. In Missouri, licensed providers that have at least half of their enrolled children receiving subsidies are reimbursed at a rate that is 30 percent higher than the base rate. This compensates for the state's very low rates to some degree, but not entirely, since the 75th percentile of the market rate is *50 percent* higher than the base rate.

- A few states offer higher reimbursements to providers serving children in the child protective services system. Massachusetts grants a bonus of $3,740 per child per year for providers offering supportive services for children in protective services. California's rate is 10 percent higher for providers caring for children in protective services or with limited English proficiency.
- Massachusetts' reimbursement rate for providers caring for infants or toddlers of teen parents is $57 a day ($1,234 a month), which is 27 percent higher than the standard infant/toddler rate ($45 a day, or $974 a month).
- California allows a provider to be reimbursed at their full rate, even if it is higher than the maximum rate for that region, if there are no more than two providers of the type needed by a parent in the area.
- In Minnesota, programs within an area offering a specialized type of care are sometimes eligible to receive a higher rate than the rate for the area as a whole. For example, if a city has four centers offering care for teen parents, the reimbursement rate for that care might be set at the 75th percentile for the rates in those centers, rather than the 75th percentile of the citywide market rate.
- In New Hampshire, contract providers, who are responsible for eligibility determination as well as child care services and, therefore, have greater costs, receive a higher rate than non-contract providers (about 20 percent higher for children under three years of age and 10 percent higher for children over three).
- Rhode Island recently began funding child care centers and family child care networks to offer comprehensive child care services based on the Head Start model. Providers receive an enhanced rate that is similar to the per-child cost for Head Start.

# Payment Approaches

States' methods for paying providers have a major role in determining whether providers are willing to serve families receiving subsidies and whether those providers that do accept subsidies have a reliable source of income with which to support quality care.

While states use different terms to describe the way they pay providers, most approaches fit into one of two categories: certificates (also referred to as vouchers) or contracts. Under the CCDBG, states are required to make certificates available to parents, while contracts are optional.

- ***Certificates*** are payments made to or on behalf of an individual child or family. A parent can use the certificate to purchase the care of their choice, whether provided by a child care center, family child care home, relative, or neighbor. The care must be legal and meet minimum health and safety standards, as defined by the state. (States must put in place at least some basic protections for children cared for by providers exempt from state regulation, but these are often very limited.)
- ***Contracts*** are payments that are made to specific providers to subsidize a given number of child care slots. Generally, a state enters into an agreement with a child care provider to obligate the funds needed to serve a certain number of eligible children over a specified period of time.

Most states spend the vast majority of their subsidy funds on certificates as opposed to contracts. Three out of five states do not use contracts at all. Unfortunately, this denies providers the guarantee of a stable income that contracts offer. Without this income, providers may lack the steady stream of resources needed to provide good quality care that benefits children and their families. They may also be less likely to reserve slots for children with subsidies because they have no assurances that they can fill the slots.

Whether states use certificates or contracts, it is essential that payments be made efficiently and promptly. Late payments can create a serious financial burden for providers and, in some cases, cause them to refuse to participate in the subsidy program. This results in fewer child care choices for families receiving assistance.

## Certificates

Certificates are the primary method used to make payments for subsidized child care. While all states use certificates, they differ in how their certificate payment systems work. There are variations in who receives the certificate payment from the state, whether the payment is made on a reimbursement basis or in advance, and what form the payment takes.

### *Who Receives Payments?*

In most cases, the state makes the certificate payment directly to the person or program providing the care, rather than paying the parent and then having them pay their provider. Paying providers directly has some advantages over making payments to parents. Payments to providers allow for greater accountability and efficiency. Many providers are unwilling to accept low-income children receiving subsidies without the guarantee of direct payment from the state, so a policy of making payments to parents can result in parents having fewer child care options. If a state chooses to allow parents to receive payments, providers should still be given the option of receiving payments directly if they would prefer it.

States that make certificate payments to parents usually do so only in certain circumstances or for certain types of care. For example, several states use this approach only for less formal types of care such as relative and in-home care.

- Only two states—Hawaii and Utah—pay parents in all cases, for all types of care.[176]
- In seven states, payment is made directly to the parents if they use in-home care (California,[177] Indiana,[178] Kansas, Montana,[179] New Mexico, North Carolina, and Pennsylvania).
- In Alaska, Minnesota, and New York, it is decided locally whether to make payments to parents rather than to providers for any or all types of care. In Alaska, two communities have decided to make payments to parents for all types of care. In New York, most districts pay the provider for regulated care and the parent for exempt and in-home care.
- In Colorado, it is a county option whether to make payments to parents if they choose relative or exempt care. Four counties use this option.
- Delaware makes payments to parents if they use centers or family child care providers who do not accept the state rate as full payment.
- Louisiana makes payments to TANF parents if they are using family child care, relative care, or exempt care.
- Missouri allows payments to be made to the parent in a limited number of circumstances, with special permission.
- North Carolina may make payments to parents if they are using a center that is religious-sponsored and the program requests that payment be made to the parent.
- In Pennsylvania, programs run through the county welfare offices, which serve TANF and transitioning families, allow providers the option of whether they want to receive payment directly or through the parent.
- Washington makes the payment to the parent if they are using relative or exempt care.
- A few states use two-party checks made out to both the parent and the provider. This approach is used in Idaho for all situations and types of care, in Maine for relative and exempt care, and in Michigan for in-home care.

---

[176] Utah planned to change its payment system from one where the parent solely receives payment to one where payment is made by a two-party check to the parent and the provider.

[177] In California, it is the local agency's option of whether to make payments for in-home, license-exempt care to the parent.

[178] Indiana pays the parent if the in-home care is provided by someone other than a relative and is exempt from licensing.

[179] Montana may also allow payment to the parent in a few instances other than for in-home care, if there are special circumstances.

### *When Is Payment Received?*

Most states pay on a reimbursement basis after the care is provided and the caregiver has submitted a bill. This requires providers to subsidize the cost of the care while they wait to be paid by the state. In contrast, most private-paying families are expected to pay in advance. As a result, providers may be reluctant to serve children receiving child care assistance, as the providers would have to make an exception to their usual policies and practices. In some cases, a provider may ask a family who is receiving subsidies to cover the cost while waiting for the state's reimbursement. Even on a temporary basis, this imposes a significant burden on low-income families struggling to make ends meet. It might discourage them from using the care altogether.

Only three states—Hawaii, Idaho and Utah—pay in advance for all families. Five other states, including Alaska, California, New Jersey, New York, and Pennsylvania, pay in advance but only in certain instances:

- In Alaska, individual communities decide whether they want to pay on a prospective basis; as of March 2000, only two communities had selected to take advantage of this option.[180]
- In California, counties may choose to pay in advance providers serving TANF families.
- New Jersey uses advance payment for certificates but not contracts.
- In New York, counties can choose to pay in advance if they prefer, and some do use this approach.
- Pennsylvania only uses advance pay for TANF families.

The remaining states pay on a reimbursement basis, with providers submitting their bill after the service is provided. In most states, providers bill monthly, but in a handful of states, providers bill more often. For example:

- Texas uses semi-monthly billing.
- Arkansas, Maine, Michigan, South Carolina, and Wisconsin's providers are able to bill on a biweekly basis.
- In South Dakota and Tennessee, providers decide whether they want to bill monthly or biweekly.
- In New Hampshire, most providers submit their bill every week.[181]

Payment systems that allow more frequent billing can be beneficial to providers because they receive more frequent payment. However, it is important that states streamline the paperwork requirements involved in submitting a bill so that this does not create a tremendous administrative burden for providers.

#### *Payment Delays*

States report that providers typically receive payment about two to three weeks after submitting their bill. While this does not seem like an excessive amount of time, it means that a provider may have to wait for a total of nearly two months from when they first begin serving a child to receive payment (since the bill is not even first submitted until after several weeks or a month of care has been provided). Providers may experience additional delays if there are any problems with incomplete or incorrect paperwork. Delays are particularly likely to occur when a child first enrolls, since there may be problems establishing the family's eligibility. In addition, even if providers receive timely payment for at least a portion of what they are owed, they often have to wait a substantial amount of time to receive *full* payment and completely settle their bill.

---

[180] When a community in Alaska chooses to use prospective payment, the advance payment is made to parents.

[181] In New Hampshire, contract providers—those providers who enter an agreement with the state not only to serve children with subsidies but also to determine eligibility—submit their bill every two weeks.

A study by the Ohio Legislative Budget Office of providers participating in the state's subsidy system offers further evidence that payment delays are a widespread problem.[182] The study found that while nearly half of all licensed providers had no outstanding invoices with the subsidy program at the time of the interview, a sizable minority of licensed providers recorded outstanding invoiced amounts totaling thousands of dollars. Over one-quarter of licensed providers responding to the question reported that they had experienced a "cash flow crisis" within the previous 12 months as a result of the county not paying invoices within 30 days of billing. In response to our survey, one state reported that a high percentage of providers have some "horror story" about a delay in the state paycheck, which can be devastating to a provider given that they operate on such tight budgets as it is.

### How Do Providers Bill?

Providers usually bill simply by submitting their invoice by mail. However, a few states take different approaches, some of which can greatly simplify the process for providers. In Arkansas, providers can submit any information by touch-tone phone or modem. The state encourages providers to take advantage of these methods by offering training on how to use the technology, a toll-free number for billing by telephone, and free modems.

A few states are beginning to implement or consider using an electronic benefit transfer (EBT) system as a means of tracking where and when families use their certificates, so the state can in turn determine and verify the correct payment amount and recipient. While this may increase the efficiency and accuracy of the billing system, it can create problems for parents. Depending on how the system works, parents may be required to swipe a card each day as they arrive at their child care provider to record their child's attendance. This can be intrusive for the family and can stigmatize them by identifying them to other families as recipients of child care assistance. It also demands that a parent drop off or pick up their child themselves. In addition, since the system is designed to determine provider reimbursements based on attendance, it can discourage payment for days on which a child is absent.

### In What Form Is Payment Made?

Most states make payments by check. A number of states use direct deposit (or EFT, electronic fund transfer), which can often allow providers to receive payment faster. However, some providers may be reluctant to use this system, or are unable to do so because they do not have a bank account into which funds can be deposited. States that allow direct deposit include Arkansas, Colorado, Delaware, Florida, Indiana, Kansas, Missouri, Ohio, Oklahoma, South Dakota, Tennessee, Washington, Wisconsin, and Wyoming. Colorado and Florida permit providers to receive and access their payments through an electronic debit card as well. Debit cards are also used in Utah, where the state transfers funds to the parent, who in turn pays their provider.[183] In Pennsylvania, TANF families who receive the payment from the state rather than having it go to the provider are paid through an EBT system, with the child care reimbursement simply added to the family's cash grant.

## Contracts

Contracts are advantageous because they offer providers a source of steady, predictable funding. The contract obligates the state to pay the provider for a given number of slots over a certain period of time. Certificates present providers with much greater uncertainty, because payment depends on an individual child choosing that provider, continuing to use that provider, and remaining eligible for the subsidy.

---

[182] Erik J. Karolak and Steven R. Mansfield, *A Study of the Child Care Payment System in Ohio* (Columbus, Ohio: Ohio Budget Legislative Office, 2000).

[183] Utah planned to replace its system of making payments to parents using a debit card with a two-party check system.

Despite their advantages, the majority of states do not use contracts (that meet the definition in this report), instead making payments solely through certificates. Contracts are used in only 20 states—Arizona, Arkansas, California, Colorado,[184] Connecticut,[185] District of Columbia, Georgia, Hawaii, Illinois, Iowa, Maine, Massachusetts, Mississippi, Nevada, New Jersey, Oregon, South Carolina, Vermont, Wisconsin, and Wyoming.

Most of these states use contracts on a limited basis. In many cases, contracts only account for a small proportion of the child care subsidy funds, with payments made primarily through certificates. For example, Arkansas and Georgia planned to discontinue using contracts. In Illinois, contracts account for less than 15 percent of the care, and there has not been an expansion in three years. New Jersey noted that it has not been giving out many new contracts, as it is moving more in the direction of certificates.

States differ in how they define the terms of their contract agreements with providers. Some states require all of the slots designated in the contract to be filled in order for the provider to receive full payment. Other states may allow providers to receive the full amount of the contract despite having a certain percentage of their slots temporarily unfilled. This approach assures providers of a stable income even if a child leaves their program due to circumstances beyond the provider's control, such as a family's decision to move or a parent losing his/her job. A provider would still have the resources needed to support their program while they found a new child to fill the slot.

Most states with contracts target them toward particular types of care that may be difficult to find, such as infant care, school-age care, care for children with special needs, care for children in protective services, care for children of teen parents, and Head Start wrap-around care. Some of these contracts have additional requirements attached, while some offer providers special advantages.

- Arizona has contracts for special needs care. These contracts allow providers to receive higher, negotiated rates.
- Arkansas uses its contracts for care that is in short supply, including care for school-age children, infants, children in rural areas, children at risk, and children with special needs. Providers contracting with the state are required to be accredited by the second year of their contract.
- The District of Columbia uses its contracts for school-age care and care for children with special needs.
- Georgia, until recently, made contracts available to programs to support a certain number of scholarships for low-income children. One of the uses of these contracts was to make it possible for a program that was the only provider in its area to serve low-income families. The contracts were also used to help programs improve quality by providing funding not only for the basic slots, but for training, equipment and supplies as well. Children were eligible for scholarships funded by the contracts with family incomes up to the federal maximum for CCDBG of 85 percent of state median income, rather than the lower income limit used for the certificate program. The state discontinued funding these scholarships as of October 2000.
- Hawaii's contracts focus on teen parents, work program participants, and children with special needs.
- Iowa makes grants available to Head Start, Early Head Start, Early Childhood Special Education, Title I preschool, and Iowa Department of Education prekindergarten programs to provide wrap-around care for children whose parents meet the requirements of the child care assistance program. Each grant can fund up to 16 children. Grantees receive full-year funding at the beginning of the grant period.
- Massachusetts, in addition to having a group of contracts for providers serving TANF and low-

---

[184] In Colorado, it is the individual county's option whether to use contracts and how many to offer.

[185] Connecticut uses contracts for its state-funded centers program.

income families receiving subsidies through the primary child care program, also has a set of contracts specifically reserved for providers serving children of teen parents and a set of contracts for supportive providers caring for children in protective services.

- Mississippi offers grants that are not targeted for any particular type of care, but that aim to encourage public/private partnerships by requiring a 50 percent match from private businesses or agencies.
- Nevada makes contracts available for before- and after-school programs.
- In New Jersey, one of the primary purposes of contracts is to ensure the availability of care for children in protective services. The state also uses contracts in difficult-to-serve areas of the state.
- Oregon has small targeted programs that support contracts with providers to serve migrant workers, teen parents, and parents in alcohol and drug abuse treatment. These are administered through a separate agency from that responsible for the primary child care program. The state also has contracts that pay for slots in Head Start and Even Start and that allow programs to have a vacancy rate of up to 25 percent (due to absences or temporarily unfilled slots) and still receive full reimbursement. The state uses JOBS funds to support these slots.
- South Carolina has contracts with seven school districts to provide high quality child development services.
- Vermont contracts for infant slots in the most populated area of the state. The contracts are with family child care providers who are accredited or who have their CDA credential. Vermont also has some contracts with Head Start programs for full-day, full-year services. The programs must be licensed and accredited to receive a contract.
- Wisconsin uses contracts for on-site child care in county agencies, emergency child care, and sick care.
- Wyoming is currently piloting a project to purchase child care slots in a Head Start program. The state pays the half-day rate when Head Start operates and the full-day rate when it does not, such as on the fifth day of the week for a four-day-a-week program. The slots are guaranteed, so the state reimburses the provider whether or not the slots are filled. The pilot was operating in one center as of March 2000, but the state hoped to expand to additional centers.

## Alternate Payment Approaches

A number of states use payment approaches for at least a portion of their subsidy dollars that do not meet the definition of either a certificate or a contract. They may combine elements of both approaches or offer unique features.

- Florida has "subcontracts," which offer providers technical assistance and support and allow large providers to receive a single check for all of the children they serve. Yet, in other ways, the payment approach is similar to certificates.
- Louisiana had plans to begin supporting wrap-around care for families in Head Start starting in the summer of 2000, and intended to use a different payment approach for this care. The state expected to reimburse providers at a higher rate than the standard child care reimbursement rate because Head Start programs have better staff/child ratios, stronger credential requirements for teachers, and higher standards overall. The centers would receive an advance payment in order to get started. As part of an effort to make the assistance more accessible, centers would be given responsibility for gathering verification and application information from families for eligibility determination.
- Minnesota has a separate Migrant Child Care program that provides comprehensive child care services based on the Head Start model to migrant families and children. This program does not use the sliding fee scale or rate structure of the general child care assistance program. It is funded through a grant to the Tri-Valley Opportunity Council, which

combines state Migrant Child Care funds with other funding sources, including federal Migrant Head Start, state Head Start, and Title I Migrant Education, to support the program.

The state also has a grant program supporting Crisis Nurseries, which are available 24 hours day, 7 days a year to provide emergency, temporary care to parents under stress or with nowhere else to turn. Grantees are expected to supplement the grant amount with funding from other sources, including foundations, private contributions, and in-kind contributions.

- New Hampshire has a limited number of what it refers to as "contract providers." These providers conduct their own eligibility determinations for the families they serve and are reimbursed at a higher rate for the additional expense involved in performing this extra task.
- Oregon pays providers serving teen parents for a full month, even if the teen does not use the slot for the whole month. This policy is intended to encourage the teen to remain in school and keep their child in a quality facility.
- In Rhode Island, programs that are part of the Comprehensive Child Care Services Network, which began serving children in fall 2000, are paid a base amount through the regular subsidy program, and an enhanced portion through the Network. (The total rate is similar to the per-child cost for Head Start, since child care centers and family child care networks participating in the initiative offer comprehensive child care services based on the Head Start model.)
- South Carolina has a contract for school-age care with the State Department of Education, which subgrants with public schools. This contract serves to set aside a specific amount of funding for school-age care.

The state also has one specific contract agreement with an alternative school for teen parents and pregnant teens. The school provides academic, living skills, and parenting education classes as well as on-site child care to help parents obtain their high school degree or GED. The school and the child care it offers are funded by the Title XX Social Services Block Grant. The reimbursement rates for the program are the same as for the state's main child care assistance program. However, the contract agreement allows group eligibility for teen parents enrolled at the school—teen parents are eligible for child care assistance based on their attendance at the school and do not have to go through a separate eligibility determination process.

## The Child Care Disregard

Some states offer parents the option of receiving child care assistance through another payment approach—the child care disregard. The disregard was originally established under Aid to Families with Dependent Children (AFDC), the welfare program that has now been replaced by Temporary Assistance for Needy Families (TANF). The disregard allows TANF parents who work to discount part of their earnings when determining the amount of their cash assistance grant. Because the level of TANF benefit decreases as earned income increases, allowing a family to disregard a portion of their income can result in somewhat higher TANF benefit levels or continued TANF eligibility if their income is close to the eligibility cutoff.

Although states can now set their own limits on the amount families may disregard, most states continue to use the same limits that were required under the previous welfare law—a maximum of $175 per month for each child over two years of age and $200 per month for each child under two. However, there are a few exceptions. For example, Montana allows families to claim up to $300 per child. Nebraska sets its maximum at 80 percent of a family's gross earned income.

There are several drawbacks to the disregard. First, if a state allows a family with a four-year-old in care to disregard $175 per month of their income, this does not result in a $175 increase in their benefit level. Given the numerous calculations that are made to determine the benefit level, the actual increase in benefits is considerably smaller. Already, $175 is significantly below the maximum reimbursement rate for center care for a four-year-old in every state. This obviously limits parent choice.

Furthermore, using the child care disregard to extend TANF eligibility is no longer advantageous for families given the time limits on TANF included in the 1996 welfare law. With a five-year lifetime limit for receiving TANF benefits, the value of extending these benefits is greatly diminished. It may be more important to save a family's TANF benefits for any emergencies or periods of unemployment that they may face.

In addition, because the disregard requires parents to pay upfront out of their own pockets, many providers are reluctant to accept children served through the disregard. Providers fear that parents will have difficulty making regular payments from their minimal income. The Illinois Department of Public Aid found that the use of the child care disregard increased the use of less expensive, informal child care providers. In contrast, parents who received child care subsidies—those enrolled in Project Chance, Illinois' JOBS Program, and parents receiving transitional child care assistance—were more likely to use center-based care, because the state paid virtually all providers directly, giving parents a better choice of child care.[186]

Children are also not protected with the disregard because states do not have health or safety requirements for these providers and there is no contact between the child care agency and caregiver. As a result, the agency has no opportunity to provide technical assistance to help the provider improve the quality of care and no chance to identify problems that jeopardize the well-being of children.

Given the various disadvantages of the child care disregard, less than one-third of the states still offer it. In addition, families' use of the disregard is generally limited even in states where it is available. The 16 states that offer the disregard include Alaska, Arizona, Kansas, Kentucky, Massachusetts, Mississippi, Missouri, Montana, Nebraska, New Hampshire, New Mexico, North Dakota, Oklahoma, Rhode Island, Tennessee, and West Virginia.[187]

Parents usually have the choice of whether to use the disregard or subsidies to help them cover the cost of child care. However, in Montana, the disregard is the only option allowed for TANF families who are working.

At least three states, Alaska, Arizona, and New Hampshire, mentioned that TANF parents could actually use the disregard while also receiving child care subsidies. The disregard could be used to cover out-of-pocket expenses not covered by the subsidies, such as the fees to make up the shortfall between the state's rate and the provider's rate if a parent chooses a provider that charges more than the state will pay.

---

[186] Siegel and Loman, *Child Care and AFDC Recipients in Illinois* (Springfield, IL: Illinois Department of Public Aid, 1991).

[187] Virginia still includes the child care disregard in its policies as well, but it is rarely used because the design of the state's TANF program largely negates any potential benefit. Once parents begin working, they continue to receive their full TANF benefit, which means that, essentially, their entire earnings are deducted independent of the child care disregard.

# Types of Care

Child care assistance programs are supposed to allow for parent choice, enabling families to use center care, family child care, or informal care such as relatives or in-home care. However, parents' actual decisions about what type of care they will use, and the types that are in fact available to choose from, are influenced by state policies. For example, states with adequate reimbursement rates may have greater success in encouraging the participation of more formal types of providers, such as licensed centers and family child care homes. The use of centers might also be more prevalent in states that offer contracts for these types of programs. Contracts can increase the availability of a particular type of care by offering a more stable source of income, thereby improving the provider's financial viability, and by helping to expand the supply of formal care in low-income neighborhoods. On the other hand, states that base parent co-payments on the cost of care can provide an incentive for families to choose less expensive informal care rather than centers, which tend to charge more and thus would require a higher parent co-payment. In states with strict welfare-to-work policies that pressure families to move into the work force as quickly as possible, families might also tend to turn to relatives and friends since they are often more likely to be available on short notice to provide care.

Patterns in the use of various types of care are also influenced by factors unrelated to child care policies. For example, some states have well-established networks of child care centers. Some states are very rural, with the population in many areas too dispersed to support a child care center. In some states, there may be a long tradition of parents relying on networks of friends and families to provide care. A state might have a particularly high percentage of its families working variable schedules or nontraditional hours such as evenings or weekends, and need care that offers significant flexibility. In these states, family child care and informal care may be more prevalent as well.

A state may also have a higher percentage of families who receive subsidies using informal care *not* because low-income families in the state overall tend to rely more on this type of care, but because state policies make it easier for families using informal care to receive subsidies for it. Other states may have an equally high percentage of low-income families choosing informal care but these families may mistakenly assume that subsidies cannot be used for this care or may encounter barriers to receiving subsidies that make it not worth the effort.

## State Variations in the Types of Care Used by Families Receiving Subsidies

As a result of these multiple factors, the types of care supported by subsidies differ significantly from state to state. Center care is the most frequently used type of care in more than half of the states, but family child care comprises a significant proportion of the care in many states as well. Use of relative and in-home care is limited in the majority of states, but these categories do account for a high percentage of the care in a few states.

- Among states able to provide data, center care is the most frequently used type of care among families receiving subsidies.[188] Center care comprises more than half of the care used by families in 23 states (Alabama, Arizona, Arkansas, California, Colorado, Delaware, District of Columbia, Georgia, Kentucky, Louisiana, Massachusetts, Mississippi, Nevada, New Hampshire, New Jersey, North Carolina, Oklahoma, Rhode Island, South Carolina, Tennessee, Texas, Virginia, and Wisconsin). In a few states, center care accounts for a particularly high percentage of the care used. The percentage of children with subsidies who are in center care is 94 percent in the District of Columbia, 84 percent in North Carolina, 82 percent in Oklahoma, and 81 percent in Tennessee.
- In six states, center care accounts for less than half of the care, but is still used more than any other type of care (Alaska, Idaho, Maryland, New Mexico, South Dakota, and Washington).
- In six states, family child care accounts for at least half of the child care used by families with subsidies (Kansas, Maine,[189] Minnesota, Montana, Oregon, and West Virginia).[190]
- In two states, family child care, while not used by a majority of families, is used more often than any other type of care (New York and Wyoming). In addition, Utah has the same proportion of families using family child care as center care—35 percent.
- Relative care represents a particularly large proportion of subsidized care in Hawaii, where it accounts for 60 percent. Relative care comprises between 30 and 40 percent of care in three states (Illinois, Michigan, and New Mexico), 20 and 30 percent in seven states (Idaho, Kentucky, Maryland, Oregon, Utah, Washington, and Wyoming) and 10 and 20 percent in 13 states (Alaska, Arizona, California, Colorado, Minnesota, Mississippi, New Jersey, New York, Rhode Island, South Dakota, Tennessee, Texas, and Virginia).[191]
- In most states, in-home care accounts for only 5 percent or less of subsidized care. Families are often reluctant to use in-home care because they are subject to labor laws that require that

---

[188] Data were not provided by Connecticut, Florida, Indiana, North Dakota, Ohio, Pennsylvania, or Vermont.

[189] Maine did not provide exact data on the proportion of families using each type of care but did indicate that the majority use family child care.

[190] Iowa, Missouri, and Nebraska may also have a majority of families using family child care providers, but this cannot be determined with certainty from the data available. These states reported that a majority of families are using family child care, but they included relative care in this category. They were unable to provide information on the percentage of care accounted for solely by non-relative family child care.

[191] Massachusetts may also have over 10 percent of its care provided by relatives, but this cannot be determined with certainty from the data available. The state reported that a total of 13 percent of subsidized care is accounted for by relative and in-home care combined but did not break this down into separate categories.

BEST COPY AVAILABLE

caregivers be paid minimum wage as well as Social Security taxes. However, eight states reported that more than 5 percent of families use in-home care (Illinois, Kansas, Louisiana, Michigan, Nevada, New York, Oregon, and Washington). In-home care is used most frequently in Illinois, where it accounts for 20 percent of care, and Michigan, where it accounts for 31 percent.

## Types of Care Used by Families Receiving Subsidies as of March 2000

| State | Proportion of Care Used by Families Receiving Subsidies that is Accounted for by: | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Center-based care, regulated | Center-based care, not regulated | Family child care, regulated | Family child care, not regulated | Relative care, regulated | Relative care, not regulated | In-home care, regulated | In-home care, not regulated |
| Alabama | 63% | 17% | 13% | | | 8% | | less than 1% |
| Alaska | 45% | 1% | 13% | 27% | | 11% | | 4% |
| Arizona | 73% | | 17% | | | 10% | less than 1% | |
| Arkansas | 67% | | 9% | 23% (includes family child care with fewer than six children and other unregulated providers) | 1% | Data not available (grouped with unregulated family child care) | | Data not available (grouped with unregulated family child care) |
| California* | 57% | less than 1% | 9% | 10% | | 18% | | 5% |
| Colorado | 55% | | 22% | 8% (includes unregulated care in the child's home or in the provider's home) | | 15% | | Data not available (grouped with unregulated family child care) |
| Connecticut | Data not available | | | | | | | |
| Delaware | 47% | 8% | 36% | | | 4% | | 5% |
| District of Columbia | 94% | | 5% | | | 1% | | less than 1% |
| Florida | Data not available | | | | | | | |
| Georgia** | 71% | | 20% (includes group and family child care homes) | | 6% | | 2% | |
| Hawaii | 10% | | 28% (includes regulated and unregulated) | | | 60% | | 2% |

Continued next page

## Types of Care Used by Families Receiving Subsidies as of March 2000 (continued)

| State | Proportion of Care Used by Families Receiving Subsidies that Is Accounted for by: | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Center-based care, regulated | Center-based care, not regulated | Family child care, regulated | Family child care, not regulated | Relative care, regulated | Relative care, not regulated | In-home care, regulated | In-home care, not regulated |
| Idaho | 45% (estimate) | | 34% (estimate; includes regulated and unregulated) | | | 21% (estimate) | | less than 1% (estimate) |
| Illinois | 29% | 1% | 13% (includes group and family child care | 2% | 34% (estimate; includes regulated and unregulated) | | 20% (includes regulated and unregulated) | |
| Indiana | Data not available | | | | | | | |
| Iowa | 37% | | 30% (includes 18% family child care and 12% family group care) | 31% (includes relative and other non-registered providers) | Data not available (relative care grouped with family child care) | | 2% | |
| Kansas | 36% | | 50% | | | 7% | | 7% |
| Kentucky | 68% | | 5% | | | 25% | | 2% |
| Louisiana | 63% | | 24% (includes relative providers) | | Data not available (relative care grouped with family child care) | | 13% | |
| Maine | Data not available (While state was not able to report exact percentages, it did report that the majority of families are using family child care.) | | | | | | | |
| Maryland | 42% | | 36% | | 22% | | | |
| Massachusetts | 62% | | 26% | | | 13% (includes relative and in-home care) | Data not available (in-home care grouped with unregulated relative child care) | |
| Michigan | 14% | | 16% | | | 39% | | 31% |
| Minnesota | 28% | 3% | 39% | 12% | | 15% | | 4% |
| Mississippi | 75% | | 2% (group child care homes) | 6% | | 15% | | 2% |

Continued next page

## Types of Care Used by Families Receiving Subsidies as of March 2000 (continued)

| State | Proportion of Care Used by Families Receiving Subsidies that is Accounted for by: | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Center-based care, regulated | Center-based care, not regulated | Family child care, regulated | Family child care, not regulated | Relative care, regulated | Relative care, not regulated | In-home care, regulated | In-home care, not regulated |
| Missouri | 29% | | 35% | 36% (includes relative care) | Data not available (relative care grouped with unregulated family child care) | | less than 1% | |
| Montana | 44% | | 50% | | | 5% | | less than 1% |
| Nebraska | 48% | | 51% (includes relative care) | | Data not available (relative care grouped with family child care) | | 1% | |
| Nevada | 80% | | 6% | | | | 13% | |
| New Hampshire | 59% | Data not available (Of the remaining 41% of care that is not center-based, there is a mix of family child care, relative care, and in-home care.) | | | | | | |
| New Jersey | 74% | | 11% (may include some unregulated family child care) | | | 13% | | 2% |
| New Mexico | 41% | | 7% | 13% | | 39% | | less than 1% |
| New York | 33% | | 19% | 21% | | 12% | | 15% |
| North Carolina | 84% | | 12% | | | 4% | | less than 1% |
| North Dakota | Data not available | | | | | | | |
| Ohio | Data not available (While state was not able to provide data, it did report that it does not pay for relative or exempt care.) | | | | | | | |
| Oklahoma | 82% | | 18% | | less than 1% | | less than 1% | |
| Oregon | 15% | | 25% | 25% | | 20% | | 15% |
| Pennsylvania | Data not available | | | | | | | |
| Rhode Island | 68% | | 17% | | | 10% | | 5% |
| South Carolina | 76% | | 9% (group child care homes) | 12% (includes family child care and relative care) | Data not available (relative care grouped with unregulated family child care) | | | 3% |
| South Dakota | 46% | | 40% | 2% | | 11% (includes 9% in the relative's home and 2% in the child's home) | | 1% |

Continued next page

## Types of Care Used by Families Receiving Subsidies as of March 2000 (continued)

| State | Center-based care, regulated | Center-based care, not regulated | Family child care, regulated | Family child care, not regulated | Relative care, regulated | Relative care, not regulated | In-home care, regulated | In-home care, not regulated |
|---|---|---|---|---|---|---|---|---|
| | Proportion of Care Used by Families Receiving Subsidies that Is Accounted for by: | | | | | | | |
| Tennessee | 81% | | 8% | | | 10% | | 1% |
| Texas | 78% | | 7% | | | 15% | | |
| Utah | 30% | 5% | 10% | 25% | | 25% | | 5% |
| Vermont | Data not available | | | | | | | |
| Virginia*** | 58% (includes regulated and unregulated) | | 26% (includes regulated and unregulated) | | 15% (includes regulated and unregulated) | | 1% (includes regulated and unregulated) | |
| Washington | 41% | | 25% | | | 23% | | 11% |
| West Virginia | 41% | | 59% (includes group and family child care) | | | | less than 1% | |
| Wisconsin | 62% | | 38% (includes relative care) | less than 1% | Data not available (relative care grouped with unregulated family child care; estimated to account for less than 4% of care) | | less than 1% | |
| Wyoming | 30% | | 40% (includes regulated and unregulated) | | | 25% | | 5% |

Totals for each state may not add to 100 percent due to rounding.

*California's data are for 1997.

**Georgia's relative and in-home care are considered regulated because, even though they are not required to be licensed, all informal providers are subject to criminal background checks, on-site inspections, and training requirements.

***Virginia was not able to provide a breakdown for regulated versus unregulated care for each category, but reported that overall, 82 percent of care is regulated and 18 percent is unregulated.

## Restrictions on the Types of Care Families Can Use

Under the federal Child Care and Development Block Grant, parents who receive child care assistance are allowed to use any type of care they choose, as long as it is legal and meets minimum health and safety standards, as defined by the state. "Legal" child care includes licensed and regulated care as well as any child care settings that the state does not require to be regulated, such as relatives, some centers, and (depending on the state) family child care homes. These exempt providers, except certain relatives, must meet at least some basic requirements in order to receive subsidy payments. These requirements are defined by the state and must address the prevention and control of infectious diseases, including immunizations, building and physical premises safety, and minimum health and safety training for providers. Providers must also comply with applicable state or local health and safety codes, and parents must have unlimited access to visit their children's programs. However, some states define their requirements very narrowly. For example, states often allow providers to verify that they are meeting the requirements through self-certification, without any outside verification that they actually are doing so.

Several states have restrictions that place additional limitations, beyond those required by federal law, on the types of care families can use. For example, Wisconsin does not allow in-home care except for cases in which a child has special health care needs. Other states only allow regulated or licensed providers to receive subsidies.

## Trends in Types of Care Used

When the welfare law (the Personal Responsibility and Work Opportunity Reconciliation Act, or PRWORA) was enacted in 1996, there was much uncertainty about how this would affect the types of care used by families receiving subsidies. There was concern about whether families required by the law to move from welfare to work would be able to use subsidies to purchase good quality care, or whether the pressure to find child care so they could work would force parents to settle for inadequate care.

No clear pattern has yet emerged to indicate the effect of the welfare law on the types of care used by families with subsidies. Many states do not have sufficient data to track the trends. Among those that do have data, some states reported that the percentage of families using regulated center and family child care has increased, while other states reported a decrease, with more families turning to unregulated care.

Multiple factors are at work to explain these trends and why they go in opposite directions in different states. In some states, pressure to move from welfare to work may have resulted in families settling for the most readily available care, such as informal arrangements, rather than being able to carefully select a formal center-based or family child care arrangement. In addition, the availability of certain types of care may have been affected by changes in the Child and Adult Care Food Program (CACFP) authorized in the welfare reform law. These changes reduced reimbursements for family child care providers who were not low-income themselves or who did not live in neighborhoods with a significant population of low-income children. The lower payments for meals and snacks made it more difficult for these family child care providers to stay in business and may in some cases have led to a decline in the total number of licensed and regulated family child care homes operating in a community or state.

On the other hand, several states have seen an increase in the use of regulated care. As the states' welfare populations have decreased overall, low-income working families have accounted for a growing proportion of those receiving child care assistance in comparison to families receiving welfare. These families have somewhat more stable job situations and work schedules and as a result are more likely to use formal regulated care, accounting for the shift in the types of care used in some states. Other states have had an increase in the use of licensed center and family child care not because of the welfare law itself, but because they have taken specific steps to address the need for child care generated by the law and have invested in increasing the availability of licensed providers. Some states also mentioned that they have made efforts to educate parents about their choices. The District of Columbia noted that one reason for the decrease in relative care is that many relatives themselves have been required by the new welfare law to go to work and as a result are no longer available to provide care.

Several states have seen no changes in the types of care used since the welfare law was enacted. In some cases this was because the states had begun implementing their own welfare reform initiatives before the federal law was passed, so that the federal measure did not have much of an impact on their child care programs.

The state data that are available demonstrate the inconsistent effects the welfare law has had on the types of care used by families with subsidies:

- Six states (Alabama, District of Columbia, Rhode Island, South Dakota, West Virginia, and Wisconsin) reported a relative decrease in the use of unregulated care and/or an increase in the use of regulated care.
- Seven states (Alaska, Arizona, California, Idaho, Maine, South Carolina, and Utah) have seen an increase in the use of relative and/or unregulated care.
- In Kansas, the percentages of families using relative care and center care have increased, while the percentages for family child care and in-home care have decreased.
- In Louisiana, the percentage using center care has decreased while the percentages using family child care, relative care, and in-home care have increased.
- In Maryland, there were initial decreases in both the use of center care and family child care from 1996 to 1998, but then the use of both increased from 1998 to 2000. Conversely, the use of relative care saw an initial increase but then decreased.
- Montana and South Dakota each cited a decline in family child care and attributed it to changes in the CACFP.
- Vermont observed an increase in legally exempt certified care.

# Administration

Administering subsidy programs involves two major sets of responsibilities: establishing policies and implementing them. In most cases, policies are determined at the state level, but in some states decisions about who will be served and the level of services they will receive are primarily made at the local level. Local flexibility can allow communities to be more responsive to the needs of their children and families. However, without statewide parameters on eligibility guidelines, parent fees, payment rates, and other policies, families are not ensured a basic level of services, regardless of where they live. Such state guidelines still leave local communities free to expand their programs beyond the minimum required level to make benefits more widely available and more generous.

Implementing policies entails determining eligibility, assessing parent fees, and reimbursing providers, among other roles. These responsibilities are generally handled at the local level. However, a few states administer their programs centrally. States that have locally administered programs vary as to what type of local agency administers the program. In some cases, it is the local counterpart of the state-level agency, while in others it is a private entity, most commonly a child care resource and referral (CCR&R) agency. Giving administrative responsibility to CCR&Rs can benefit families because it allows them to obtain information about both finding care and getting help to pay for it at the same location. Since CCR&Rs are available to all families, not just welfare or low-income families, parents may also feel more comfortable going to these agencies for help.

A few states contract with private, for-profit organizations to manage a portion or all of their subsidy program. States should be cautious about using this approach and incorporate provisions into the contract that hold the for-profit entity accountable for its performance. As a condition of being allowed to continue operating the subsidy program, the contractor should be required to demonstrate that families have adequate access to assistance and that providers receive timely, accurate payment.

## Administration in State-Supervised Systems

In nearly all states (48), policies are set at the state level. However, there are differences among these states in where their policies are implemented.

- In 23 states, the program is state-supervised but administered by local or regional public agencies, such as county welfare or social services departments (Alaska,[192] Arkansas, Delaware, Georgia, Idaho, Iowa, Kansas, Louisiana, Maryland, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Mexico, North Dakota, Oklahoma, Oregon, Utah, Virginia, Washington, Wisconsin, and Wyoming).
- In 17 states with state-supervised programs, private, non-governmental entities administer the program at the local level in some or all areas (Alabama, California, Florida, Illinois, Indiana, Kentucky, Maine, Massachusetts, Montana, Nevada, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee,[193] Vermont,[194] and West Virginia). The private agencies administer the program through a contract with the state or with the county, depending on the state. For the most part, these agencies are nonprofit, but at least one state—Indiana—allows for-profit entities to operate the program as well.
- Eight states not only set policy at the state level but also administer their child care subsidy systems centrally at the state level (Arizona,[195] Connecticut, District of Columbia,[196] Hawaii, New Hampshire, Rhode Island, South Carolina,[197] and South Dakota). In most cases, the state agency administers the program itself, but there are a few exceptions. For example, Connecticut contracts with MAXIMUS, a private, for-profit entity, to run the program on a statewide basis. In Hawaii, private contractors are allowed to administer components of the subsidy system. The state has a contract with MAXIMUS to administer the subsidies available through the state's Preschool Open Doors program.

Even when policies are established at the state level, there is likely to be variation in how the programs are implemented in communities across the state. Although a state may intend for its policies to be applied uniformly statewide, localities will often vary in their interpretation of the policies and their approaches to carrying them out. Examining local implementation of child care subsidy policies was beyond the scope of this report. However, the issue is important and states should address it by clarifying policies when localities are uncertain about what they are, providing guidance on how to implement them, and making available the resources needed to carry out policies properly. While localities should be given some flexibility in exactly how they carry out the policies, states should monitor them to a certain extent to ensure that they are adhering to the guidelines and that families in all communities are getting the services they are supposed to receive.

---

[192] In Alaska, most communities administer the child care subsidy program locally, but smaller villages that do not have their own local agency use distance delivery, where administration is handled by the main state office in Anchorage. For these communities, all communication is conducted through mail and telephone.

[193] Tennessee contracts with regional brokers (county TANF offices in four urban regions and nonprofit community action agencies in eight rural regions) to receive referrals, determine eligibility for low-income families, issue certificates, and enroll providers. However, payments to providers are made by the state office.

[194] Vermont contracts with community child care support agencies to conduct eligibility determination, but all payments to providers are administered centrally through the state child care payment system.

[195] Arizona's program is centrally administered with the exception of a pilot operating in the Phoenix metropolitan area in which a private contractor operates TANF and transitional child care services.

[196] The District of Columbia's subsidy program is centrally administered for the most part, but some providers, including certain centers, family child care satellite centers, the Parks and Recreation Department, the public schools, and Head Start programs, are permitted to conduct their own intake and eligibility determination.

[197] In South Carolina, low-income families deal directly with the state through the mail and a toll-free phone line. However, administrative responsibility for child care programs serving TANF families, transitional families, and children in protective services is handled by local departments of social services.

## Locally Supervised Systems

In three states (Colorado, New York, and Texas), the subsidy program is locally supervised and locally administered, with policies primarily determined at the county level. The state still has a role in providing oversight and setting certain guidelines to ensure that localities establish policies consistent with federal regulations and administer their policies properly. However, localities are able to have significant influence over the shape of their child care assistance programs. This approach enables communities to adapt their programs to the needs of their children and families. At the same time, it can result in very uneven services across a state.

### *Extent of Local Discretion Permitted*

In all three states, localities are given a great deal of discretion in how they design their programs. However, there is variation among the states in the degree to which they set parameters on the localities.

#### *Texas*

Texas has offered localities ever increasing flexibility over the past few years. It no longer has any state requirements beyond those imposed by federal Child Care and Development Block Grant regulations. The policy decisions concerning the CCDBG that the federal government has left to the states are basically transferred to the purview of the local boards in individual counties. For example:

- The state allows local boards to set their income eligibility limits at any level up to the federal maximum of 85 percent of state median income ($34,277 per year for a family of three). Texas does not set a floor for income eligibility criteria, so there is nothing to prevent a local board from setting the cutoff as low as it chooses. No local board sets its income cutoff level below 150 percent of poverty ($21,225 per year for a family of three), but half of the boards set it at this level or only slightly higher (55 percent of state median income, or $22,179 per year for a family of three) for low-income families.[198]
- As of March 2000, the state required parent co-payments to be set between 9 and 11 percent of income. This provision has since been eliminated and now counties can set the co-payment wherever they choose.
- Until recently, the state had required localities to set their reimbursement rates no lower than the 75th percentile of the market rate, but it now only recommends this level.

#### *Colorado*

Colorado allows localities some flexibility in setting their eligibility cutoffs and payment rates, but, in contrast to Texas, still imposes its own ceilings and floors. For example:

- Counties are required to set their income limits between 130 percent and 185 percent of poverty (between $18,044 and $25,668 per year for a family of three).[199] Over 40 of the state's 63 counties choose to set their income eligibility cutoff at 180 percent of poverty or higher and no county sets the cutoff below 150 percent of poverty.
- On other policy issues, such as sliding fee scales, Colorado does not allow any local decision-making, instead establishing a uniform statewide policy.

---

[198] A number of Texas' local boards set higher income cutoffs for transitional families than for low-income families.

[199] These dollar figures are calculated based on the 1999 federal poverty level, which Colorado was still using as the basis for its income guidelines as of March 2000. The state increased its ceiling on income eligibility to 225 percent of poverty effective September 2000.

*New York*

Like Colorado, New York permits local districts to set policies in some areas, often within certain parameters, and sets uniform statewide policies in others.

- The state requires local districts to guarantee assistance to TANF and transitional families and to provide assistance to low-income working families if funds are available; districts may also choose, but are not required, to make eligible parents in substance abuse treatment, victims of domestic violence, children in protective services, low-income families in educational or vocational activities, parents searching for work, and other families.
- The state sets the general structure of the fee scale, but local districts determine exactly what percentage of their income in excess of the state income standard a family must pay.
- The state determines the basic reimbursement rates for each district, but districts choose whether to offer differential rates for accredited and odd-hour care.
- The payment process, including how, when, and to whom payment is made, is determined locally.

### Local Agencies Responsible for Administration

The particular local entity responsible for administering the subsidy program in each of the three states varies:

- In Colorado, county-level public agencies generally administer the program. However, counties have the option to, and sometimes do, contract with other agencies—primarily resource and referral agencies—to administer all or part of the program.
- In New York, the program is administered by local departments of social services. These local departments can contract out all aspects of the administrative process except for the formal final authorization of the case.
- In Texas, administration is the responsibility of 28 non-governmental agencies throughout the state. These agencies are referred to as Local Workforce Development Boards, which are also responsible for setting TANF policies, and are appointed by the chief elected official in the designated area.

# Appendix: Individual State Summary Pages

174

# Alabama

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $18,048[1]
(Federal law allows the state to set its income eligibility limit as high as: $34,443)
As a percent of the 2000 federal poverty level: 128%
As a percent of the 2000 state median income: 45%

*January 1995 state income eligibility cutoff for a family of three*
As a dollar amount: $14,484
As a percent of the 1994 federal poverty level: 118%
As a percent of the 1994 state median income: 46%

*Is a low-income parent enrolled in college eligible for child care assistance?*

Yes

*Does a parent have to work while in college in order to qualify for assistance?*

Not required if attending school at least 20 hours per week. If attending for fewer hours, combination of school and other activities must total at least 20 hours per week.

*Is there a limit on how long a parent can attend college and continue to receive assistance?*

2 years

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*

Yes. 4,000 families with 7,300 children were on the waiting list.

*How often do families have to recertify for child care assistance?*

Every 6 months

*How do families recertify for assistance?*

Families must recertify in person.

## Parent Co-payments[2]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $22 per month
*Fee as a percent of income:* 4%

*$14,150 a year (100% of 2000 poverty level):* $65 per month
*Fee as a percent of income:* 6%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):*
$43 per month
*Fee as a percent of income:* 4%

*$21,225 a year (150% of 2000 poverty level):* $184 per month
*Fee as a percent of income:* 10%

*Fees for multiple children:*

Same per-child fee for each child, with no discounts on the fee for additional children.

*Families exempt from fees:*

Very low-income families, children receiving protective services (on a case-by-case basis)

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*

Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*

$407 per month[3] (Birmingham Region, which includes four counties)

*Is this rate equal to at least the 75th percentile of the current market rate?*

Yes

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1999 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*
Yes

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
75th percentile of 1993 rates

*Reimbursement to providers for a child's absent days:*

Up to five absent days a month.

*Types of care eligible for differential rates:*

None reported

## Types of Care Used by Families Receiving Child Care Assistance[4]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 63%
Unregulated center care: 17%
Regulated family child care: 13%
Unregulated family child care:
Regulated relative care:
Unregulated relative care: 8%
Regulated in-home care:
Unregulated in-home care: less than 1%

## State Contact

Terrie Reid
Interim Director, Child Day Care Partnership
Alabama Department of Human Resources
P.O. Box 304000
Montgomery, AL 36130-4000
Phone: 334-242-9378
Fax: 334-242-0198
Email: treid@dhr.state.al.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[1] Families already receiving assistance can continue doing so until their annual income reaches $27,756.

[2] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[3] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[4] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# Alaska

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $44,328[5]
As a percent of the 2000 federal poverty level: 313%[6]
As a percent of the 2000 state median income: 92%

*January 1995 state income eligibility cutoff for a family of three*
As a dollar amount: $23,700
As a percent of the 1994 federal poverty level: 192%
As a percent of the 1994 state median income: 57%

*Is a low-income parent enrolled in college eligible for child care assistance?*
Yes

*Does a parent have to work while in college in order to qualify for assistance?*
Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*
No limit

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*
Yes. 877 families with 1,443 children were on the waiting list.

*How often do families have to recertify for child care assistance?*
Every 4 months for low-income families. Each month for TANF families.

*How do families recertify for assistance?*
Communities whose child care assistance programs are administered at the state level through distance delivery handle the recertification process for all of their low-income families entirely by mail, but communities with a local administrator require all of their families to recertify in person. The TANF agency provides child care for families as long as they remain eligible for TANF benefits and are participating in approved work activities. Continued TANF eligibility is based on monthly updates and income reports that can be submitted in person or by mail.

## Parent Co-payments[7]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $14 per month[8]
*Fee as a percent of income:* 2%

*$14,150 a year (100% of 2000 poverty level):* $14 per month
*Fee as a percent of income:* 1%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):* $14 per month
*Fee as a percent of income:* 1%

*$21,225 a year (150% of 2000 poverty level):* $71 per month[9]
*Fee as a percent of income:* 4%

*Fees for multiple children:*
Same per-child fee for each child, with no discounts on the fee for additional children.

*Families exempt from fees:*
TANF families

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*
Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*
$575 per month[10] (Southwest Alaska)

*Is this rate equal to at least the 75th percentile of the current market rate?*
Yes

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
75th percentile of 1998 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*
Yes

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
75th percentile of 1994 rates

*Reimbursement to providers for a child's absent days:*
Only if a child is authorized on an enrollment basis. This type of authorization is used if a family's employment situation is stable. Otherwise, the family is authorized on an attendance basis and the state will not reimburse for absent days.

*Types of care eligible for differential rates:*
Special needs care

## Types of Care Used by Families Receiving Child Care Assistance[11]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 45%
Unregulated center care: 1%
Regulated family child care: 13%
Unregulated family child care: 27%
Regulated relative care:
Unregulated relative care: 11%
Regulated in-home care:
Unregulated in-home care: 4%

## State Contact

Yvonne Chase
Deputy Commissioner
Alaska Department of Education and Early Development
333 W. 4th Avenue
Suite 320
Anchorage, AK 99501-2341
Phone: 907-269-4610
Fax: 907-269-4635
Email: yvonne_chase@eed.state.ak.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[5] The state sets its cutoff using a projected state median income rather than the 2000 state median income. This approach is designed to ensure that the income cutoff keeps pace with the cost of living, which varies widely across the state and is particularly high in some areas.

[6] The income cutoff was calculated as a percentage of the federal poverty level that applies to the 48 contiguous states for purposes of comparison across states, but the federal government uses a separate, higher poverty level for Alaska ($17,690 for a family of three) because it has a significantly higher cost of living.

[7] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[8] It is very rare that a family in Alaska would have an income this low ($7,075 a year). A family earning this little would likely be receiving TANF and/or payments from the state's special oil and gas royalty fund.

[9] This fee is for a family with a net income of $21,225 a year. In many cases, a family with a gross income at this level would have enough of their unearned income deducted so that they fell into a lower income bracket with a lower co-payment.

[10] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[11] States very in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# Arizona

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $22,908[12]

(Federal law allows the state to set its income eligibility limit as high as: $33,653)

As a percent of the 2000 federal poverty level: 162%

As a percent of the 2000 state median income: 58%

*January 1995 state income eligibility cutoff for a family of three*

As a dollar amount: $17,544

As a percent of the 1994 federal poverty level: 142%

As a percent of the 1994 state median income: 53%

*Is a low-income parent enrolled in college eligible for child care assistance?*

Yes

*Does a parent have to work while in college in order to qualify for assistance?*

Yes, 20 hours per week

*Is there a limit on how long a parent can attend college and continue to receive assistance?*

No limit

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*

No

*How often do families have to recertify for child care assistance?*

Every 6 months

*How do families recertify for assistance?*

Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[13]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $22 per month
*Fee as a percent of income:* 4%

*$14,150 a year (100% of 2000 poverty level):* $66 per month
*Fee as a percent of income:* 6%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):* $242 per month
*Fee as a percent of income:* 24%

*$21,225 a year (150% of 2000 poverty level):* $152 per month
*Fee as a percent of income:* 9%

*Fees for multiple children:*

Reduced fees for additional children.

*Families exempt from fees:*

TANF families, children receiving protective services (on a case-by-case basis)

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*

Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*

$390 per month[14] (Phoenix, Maricopa County)

*Is this rate equal to at least the 75th percentile of the current market rate?*

No

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1996 rates ($113 per month below the 75th percentile of 1998 rates)

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*

No

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1990 rates

*Reimbursement to providers for a child's absent days:*

Only for two absent days per month.

*Types of care eligible for differential rates:*

Accredited centers and homes (No general special needs rate, but particular contracts are available offering higher rates for special needs care)

## Types of Care Used by Families Receiving Child Care Assistance[15]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 73%
Unregulated center care:
Regulated family child care: 17%
Unregulated family child care:
Regulated relative care:
Unregulated relative care: 10%
Regulated in-home care: less than 1%
Unregulated in-home care:

## State Contact

Tony Zabicki
State Plan Coordinator
Arizona Department of Economic Security
Child Care Administration
1789 W. Jefferson
3rd Floor SW - 801A
Phoenix, AZ 85007
Phone: 602-542-2568
Fax: 602-542-4197
Email: tzabicki@de.state.az.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[12] The March 2000 income cutoff was set at 165 percent of the 1999 federal poverty level. The cutoff was adjusted for the updated federal poverty level in July.

[13] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[14] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[15] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# Arkansas

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $19,601[16]
(Federal law allows the state to set its income eligibility limit as high as: $27,593)
As a percent of the 2000 federal poverty level: 139%
As a percent of the 2000 state median income: 60%

*January 1995 state income eligibility cutoff for a family of three*
As a dollar amount: $17,421
As a percent of the 1994 federal poverty level: 141%
As a percent of the 1994 state median income: 60%

*Is a low-income parent enrolled in college eligible for child care assistance?*
Yes

*Does a parent have to work while in college in order to qualify for assistance?*
Not required if attending at least 15 college hours per semester. If attending for fewer hours, combination of work and school hours must equal 35 hours per week.

*Is there a limit on how long a parent can attend college and continue to receive assistance?*
15 semesters

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*
Yes. 4,642 families with 7,891 children were on the waiting list.

*How often do families have to recertify for child care assistance?*
Every 6 months for low-income families. Once a year for transitioning families. TANF families are not required to recertify for child care.

*How do families recertify for assistance?*
At least one of two recertifications required each year must involve a face-to-face interview. For other recertifications and notices of changes, families can apply by mail.

## Parent Co-payments[17]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $0 per month
*Fee as a percent of income:* 0%

*$14,150 a year (100% of 2000 poverty level):* $133 per month
*Fee as a percent of income:* 11%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):* $71 per month
*Fee as a percent of income:* 7%

*$21,225 a year (150% of 2000 poverty level):* Not eligible
*Fee as a percent of income:* Not eligible

*Fees for multiple children:*
Same per-child fee for each child, with no discounts on the fee for additional children.

*Families exempt from fees:*
Very low-income families, TANF families, families in first year of transition from TANF

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*
No

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*
$333 per month[18] (Washington County)

*Is this rate equal to at least the 75th percentile of the current market rate?*
Yes

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
75th percentile of 1998 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*
Yes

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
75th percentile of 1994 rates

*Reimbursement to providers for a child's absent days:*
Up to seven absent days a month.

*Types of care eligible for differential rates:*
Special needs care (rates determined on a case-by-case basis), nontraditional-hour care

## Types of Care Used by Families Receiving Child Care Assistance[19]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 67%
Unregulated center care:
Regulated family child care: 9%
Unregulated family child care: 23% (includes family child care with fewer than six children and other unregulated providers)
Regulated relative care: 1%
Unregulated relative care: Data not available (grouped with unregulated family child care)
Regulated in-home care:
Unregulated in-home care: Data not available (grouped with unregulated family child care)

## State Contact

Janie Fletcher
Director, Division of Child Care and Early Childhood Education
Arkansas Department of Human Services
P.O. Box 1437
Slot 4400
Little Rock, AR 72203
Phone: 501-682-4895
Fax: 501-682-2317
Email: janie.fletcher@mail.state.ar.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[16] The income cutoff shown here takes into account a $100-per-month deduction for each working parent. The state's income cutoff was increased to $23,613 (taking into account the deduction) as of July 2000.

[17] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[18] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[19] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# California

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $33,852[20]

(Federal law allows the state to set its income eligibility limit as high as: $39,425)

As a percent of the 2000 federal poverty level: 239%

As a percent of the 2000 state median income: 73%

*January 1995 state income eligibility cutoff for a family of three*

As a dollar amount: $25,788

As a percent of the 1994 federal poverty level: 209%

As a percent of the 1994 state median income: 86%

*Is a low-income parent enrolled in college eligible for child care assistance?*

Yes

*Does a parent have to work while in college in order to qualify for assistance?*

Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*

No limit as long as making adequate progress

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*

Yes. (Data on the number of children/families on the waiting list are not available.)

*How often do families have to recertify for child care assistance?*

Once per year for low-income families. Each month for TANF families.

*How do families recertify for assistance?*

Low-income families must recertify in person. TANF families are recertified with monthly updates and income reports that can be submitted in person or by mail.

## Parent Co-payments[21]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $0 per month

*Fee as a percent of income:* 0%

*$14,150 a year (100% of 2000 poverty level):* $0 per month

*Fee as a percent of income:* 0%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):* $0 per month

*Fee as a percent of income:* 0%

*$21,225 a year (150% of 2000 poverty level):* $0 per month

*Fee as a percent of income:* 0%

*Fees for multiple children:*

No additional fees for additional children.

*Families exempt from fees:*

Very low-income families, children receiving protective services, teen parents, children with disabilities (TANF families are not explicitly exempt from fees but, in practice, rarely pay fees because they do not have incomes high enough to be subject to them.)

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*

Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*

$826 per month[22] (Marin County)

*Is this rate equal to at least the 75th percentile of the current market rate?*

Yes

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

1.5 standard deviations above the 1999 market rate mean for the region

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*

Yes

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

1.5 percent standard deviations above the mean local market rate for CCDBG and the 75th percentile for At-Risk child care

*Reimbursement to providers for a child's absent days:*

Most absent days reimbursed for non-TANF families. For TANF families, counties determine how many, if any, absent days will be reimbursed.

*Types of care eligible for differential rates:*

Special needs care (different rates for children with mild needs and children with severe needs), nontraditional-hour care (only for TANF families), care for children in protective services or with limited English proficiency (Providers may also be reimbursed at their full rate, even if it is higher than that maximum rate for that region, if there are no more than two providers of the type needed by a parent in the area.)

## Types of Care Used by Families Receiving Child Care Assistance[23]

*What percentage of families receiving subsidies uses each of the following types of care?*[24]

Regulated center care: 57%

Unregulated center care: less than 1%

Regulated family child care: 9%

Unregulated family child care: 10%

Regulated relative care:

Unregulated relative care: 18%

Regulated in-home care:

Unregulated in-home care: 5%

## State Contact

Michael Silver
State Child Care Administrator, Child Development Division
California Department of Education
560 J Street
Suite 220
Sacramento, CA 95814-4785
Phone: 916-322-6233
Fax: 916-323-6853
Email: msilver@cde.ca.gov

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[20] Families who were receiving assistance as of January 1, 1998 can continue doing so until their annual income reaches $45,132.

[21] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[22] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[23] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

[24] California's data on types of care used by families receiving subsidies are from 1997.

# Colorado

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $18,044-$25,668[55]
(Federal law allows the state to set its income eligibility limit as high as: $42,117)
As a percent of the 2000 federal poverty level: 128%-181%
As a percent of the 2000 state median income: 36%-52%

*January 1995 state income eligibility cutoff for a family of three*
As a dollar amount: $17,820
As a percent of the 1994 federal poverty level: 145%
As a percent of the 1994 state median income: 49%

*Is a low-income parent enrolled in college eligible for child care assistance?*
Yes, at county option

*Does a parent have to work while in college in order to qualify for assistance?*
Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*
24 months

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*
No

*How often do families have to recertify for child care assistance?*
Every 6 months for low-income families. Each month for TANF families.

*How do families recertify for assistance?*
Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[56]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $36 per month
*Fee as a percent of income:* 6%

*$14,150 a year (100% of 2000 poverty level):* $96 per month
*Fee as a percent of income:* 8%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):*
$109 per month
*Fee as a percent of income:* 11%

*$21,225 a year (150% of 2000 poverty level):* $180 per month
*Fee as a percent of income:* 10%

*Fees for multiple children:*
Reduced fees for additional children.

*Families exempt from fees:*
Teen parents (on a case-by-case basis)

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*
No

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*
$714 per month[57] (Jefferson County)

*Is this rate equal to at least the 75th percentile of the current market rate?*
Varies by county (at least some counties set rates below the 75th percentile of the current market rate)

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
Varies by county

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*
Varied by county

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
State implemented a statewide limit but allowed the use of the 75th percentile to set rates in counties with rates above the statewide limit at the time of implementation.

*Reimbursement to providers for a child's absent days:*
State allows counties discretion to determine their own absent day policies. The number of absences for which counties pay ranges from zero to seven days per month.

*Types of care eligible for differential rates:*
Special needs care, higher quality care (at county option), nontraditional-hour care (at county option)

## Types of Care Used by Families Receiving Child Care Assistance[58]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 55%
Unregulated center care:
Regulated family child care: 22%
Unregulated family child care: 8% (includes unregulated care in the child's home or in the provider's home)
Regulated relative care:
Unregulated relative care: 15%
Regulated in-home care:
Unregulated in-home care: Data not available (grouped with unregulated family child care)

## State Contact

Anne Keire
CCCAP Program Specialist, Division of Child Care
Colorado Department of Human Services
1575 Sherman Street
1st Floor
Denver, CO 80203
Phone: 303-866-5958
Fax: 303-866-4453
Email: Anne.Keire@state.co.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[55] Localities set their own cutoffs within state guidelines. Localities could set their cutoffs between 130 and 185 percent of the 1999 federal poverty level. The parameters for local income cutoffs were not adjusted for the 2000 poverty level until later in the year. The state increased the ceiling on income eligibility to allow localities to set their cutoffs as high as 225 percent of poverty as of September 2000.

[56] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[57] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[58] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

BEST COPY AVAILABLE

# Connecticut

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $45,805

(Federal law allows the state to set its income eligibility limit as high as: $51,912)

As a percent of the 2000 federal poverty level: 324%

As a percent of the 2000 state median income: 75%

*January 1995 state income eligibility cutoff for a family of three*

As a dollar amount: $34,680

As a percent of the 1994 federal poverty level: 281%

As a percent of the 1994 state median income: 76%

*Is a low-income parent enrolled in college eligible for child care assistance?*

Yes (but intake currently frozen for this group of families)

*Does a parent have to work while in college in order to qualify for assistance?*

Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*

2-year degree programs only

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*

Yes. The state had frozen intake for all families earning above $30,537 a year for a family of three.

*How often do families have to recertify for child care assistance?*

Every 6 months

*How do families recertify for assistance?*

Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[29]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $12 per month
*Fee as a percent of income:* 2%

*$14,150 a year (100% of 2000 poverty level):* $47 per month
*Fee as a percent of income:* 4%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):* $41 per month
*Fee as a percent of income:* 4%

*$21,225 a year (150% of 2000 poverty level):* $106 per month
*Fee as a percent of income:* 6%

*Fees for multiple children:*

No additional fees for additional children.

*Families exempt from fees:*

TANF families

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*

Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*

$565 per month[30] (Southwest Region)

*Is this rate equal to at least the 75th percentile of the current market rate?*

No

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1991 rates[31]

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*

No

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1991 rates

*Reimbursement to providers for a child's absent days:*

Nearly all absent days. State will generally only refuse to pay if the child is continually absent for an extended period of time and appears to have stopped attending completely.

*Types of care eligible for differential rates:*

Special needs care (rates determined on a case-by-case basis), accredited programs (only for certificate program serving low-income families)

## Types of Care Used by Families Receiving Child Care Assistance[32]

*What percentage of families receiving subsidies uses each of the following types of care?*

| | |
|---|---|
| Regulated center care: | Data not available |
| Unregulated center care: | |
| Regulated family child care: | |
| Unregulated family child care: | |
| Regulated relative care: | |
| Unregulated relative care: | |
| Regulated in-home care: | |
| Unregulated in-home care: | |

## State Contact

Peter Palermino
Program Manager, Child Care Team
Connecticut Department of Social Services
25 Sigourney Street
Hartford, CT 06106
Phone: 860-424-5006
Fax: 860-951-2996
Email: peter.palermino@po.state.ct.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[29] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[30] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month. The rate reported here for Connecticut applies to low-income and transitioning families only. The maximum reimbursement rate for TANF families is $2.90 an hour, with a monthly limit of $325.

[31] The maximum reimbursement rate for TANF families is $240 below the 75th percentile of 1991 rates.

[32] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# Delaware

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $27,768

(Federal law allows the state to set its income eligibility limit as high as: $45,104)

As a percent of the 2000 federal poverty level: 196%

As a percent of the 2000 state median income: 52%

*January 1995 state income eligibility cutoff for a family of three*

As a dollar amount: $19,096

As a percent of the 1994 federal poverty level: 155%

As a percent of the 1994 state median income: 47%

*Is a low-income parent enrolled in college eligible for child care assistance?*

No

*Does a parent have to work while in college in order to qualify for assistance?*

Not applicable

*Is there a limit on how long a parent can attend college and continue to receive assistance?*

Not applicable

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*

No

*How often do families have to recertify for child care assistance?*

Every 6 months

*How do families recertify for assistance?*

Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[33]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $0 per month

*Fee as a percent of income:* 0%

*$14,150 a year (100% of 2000 poverty level):* $78 per month

*Fee as a percent of income:* 7%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):* $45 per month

*Fee as a percent of income:* 4%

*$21,225 a year (150% of 2000 poverty level):* $172 per month

*Fee as a percent of income:* 10%

*Fees for multiple children:*

Same per-child fee for each child, with no discounts on the fee for additional children.

*Families exempt from fees:*

Very low-income families, TANF families, children receiving protective services

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*

Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*

$373 per month[34] (New Castle County)

*Is this rate equal to at least the 75th percentile of the current market rate?*

No

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

$124 per month below the 75th percentile of 1998 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*

No

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

Statewide limit set below the 75th percentile of the market rate (did not indicate year of rates)

*Reimbursement to providers for a child's absent days:*

Up to five absent days a month.

*Types of care eligible for differential rates:*

Special needs care

## Types of Care Used by Families Receiving Child Care Assistance[35]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 47%
Unregulated center care: 8%
Regulated family child care: 36%
Unregulated family child care:
Regulated relative care:
Unregulated relative care: 4%
Regulated in-home care:
Unregulated in-home care: 5%

## State Contact

John Falkowski
Administrator, Division of Social Services
Delaware Department of Health and Social Services
1901 N. DuPont Highway
Lewis Building
New Castle, DE 19720
Phone: 302-577-4880
Fax: 302-577-4405
Email: jfalkowski@state.de.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[33] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[34] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[35] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# District of Columbia

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $27,921[36]

(Federal law allows the state to set its income eligibility limit as high as: $40,073)

As a percent of the 2000 federal poverty level: 197%

As a percent of the 2000 state median income: 59%

*January 1995 state income eligibility cutoff for a family of three*

As a dollar amount: Data not available

As a percent of the 1994 federal poverty level: Data not available

As a percent of the 1994 state median income: Data not available

*Is a low-income parent enrolled in college eligible for child care assistance?*

Yes

*Does a parent have to work while in college in order to qualify for assistance?*

Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*

2-year degree programs only (policy has been revised since March 2000 to allow attendance at 4-year colleges)

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*

No

*How often do families have to recertify for child care assistance?*

Every 6 months for low-income families. Every 60 days (or every 2 months) for TANF families. Families enrolled in Head Start are allowed to remain eligible for child care assistance for a full year without having to recertify.

*How do families recertify for assistance?*

Low-income families must recertify in person. TANF families are recertified based on information sent by their caseworker to the child care agency and are not required to apply for recertification in person.

## Parent Co-payments[37]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $30 per month

*Fee as a percent of income:* 5%

*$14,150 a year (100% of 2000 poverty level):* $30 per month

*Fee as a percent of income:* 3%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):* Data not available

*Fee as a percent of income:* Data not available

*$21,225 a year (150% of 2000 poverty level):* $162 per month

*Fee as a percent of income:* 9%

*Fees for multiple children:*

Reduced fees for additional children.

*Families exempt from fees:*

TANF families who are not working, children receiving protective services, adults serving as representative payees for child-only TANF cases, teen parents, children with disabilities

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*

No

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*

$510 per month[38] (Citywide)

*Is this rate equal to at least the 75th percentile of the current market rate?*

No

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

$40 per month below the 75th percentile of 1998 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*

Data not available

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

Data not available

*Reimbursement to providers for a child's absent days:*

Up to five unexcused absent days a month; additional days of excused absences may also be approved on a case-by-case basis.

*Types of care eligible for differential rates:*

Nontraditional-hour care (No general special needs rate, but particular contracts available offering higher rates for special needs care)

## Types of Care Used by Families Receiving Child Care Assistance[39]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 94%
Unregulated center care:
Regulated family child care: 5%
Unregulated family child care:
Regulated relative care:
Unregulated relative care: 1%
Regulated in-home care:
Unregulated in-home care: less than 1%

## State Contact

Barbara Ferguson Kamara
Executive Director
Department of Human Services
Office of Early Childhood Development
717 14th Street, NW, Suite 730
Washington, DC 20005
Phone: 202-727-1839
Fax: 202-727-8166
Email: bkamara@dhs.dcgov.org

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[36] The income cutoff shown here takes into account an annual deduction of $3,000 per child ($6,000 for two children).

[37] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[38] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[39] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# Florida

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $20,820[40]

(Federal law allows the state to set its income eligibility limit as high as: $35,638)

As a percent of the 2000 federal poverty level: 147%

As a percent of the 2000 state median income: 50%

*January 1995 state income eligibility cutoff for a family of three*

As a dollar amount: $18,479

As a percent of the 1994 federal poverty level: 150%

As a percent of the 1994 state median income: 54%

*Is a low-income parent enrolled in college eligible for child care assistance?*

No

*Does a parent have to work while in college in order to qualify for assistance?*

Not applicable

*Is there a limit on how long a parent can attend college and continue to receive assistance?*

Not applicable

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*

Yes. 34,000 children were on the waiting list.

*How often do families have to recertify for child care assistance?*

Every 6 months

*How do families recertify for assistance?*

Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[41]

Fee for a family of three with one child in care and earning:

*$7,075 a year (50% of 2000 poverty level):* $35 per month

*Fee as a percent of income: 6%*

*$14,150 a year (100% of 2000 poverty level):* $69 per month

*Fee as a percent of income: 6%*

*January 1995 fee for a family at 100% of poverty ($12,320 a year):*

$64 per month

*Fee as a percent of income: 6%*

*$21,225 a year (150% of 2000 poverty level):* $121 per month

*Fee as a percent of income: 7%*

*Fees for multiple children:*

Reduced fees for additional children.

*Families exempt from fees:*

Teen parents, if they are participating in the state's separate program for teens (Fees for children receiving protective services may be reduced for a limited period, on a case-by-case basis.)

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*

Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*

$442 per month[42] (Palm Beach County)

*Is this rate equal to at least the 75th percentile of the current market rate?*

Yes

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1999 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*

Yes

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1994 rates

*Reimbursement to providers for a child's absent days:*

Up to five absent days a month; reimbursement for additional days may be allowed in extraordinary circumstances, with written approval.

*Types of care eligible for differential rates:*

Special needs care (rate determined on a case-by-case basis), higher quality care

## Types of Care Used by Families Receiving Child Care Assistance[43]

*What percentage of families receiving subsidies uses each of the following types of care?*

| | |
|---|---|
| Regulated center care: | Data not available |
| Unregulated center care: | |
| Regulated family child care: | |
| Unregulated family child care: | |
| Regulated relative care: | |
| Unregulated relative care: | |
| Regulated in-home care: | |
| Unregulated in-home care: | |

## State Contact

Susan Muenchow
Executive Director
Florida Partnership for School Readiness
600 South Calhoun Street
Holland Building, Suite 251
Tallahassee, FL 94404
Phone: 850-488-0037
Fax: 850-922-5188
Email: muenchs@eoq.state.fl.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[40] Families already receiving assistance can continue doing so until their annual income reaches $25,678. The income cutoff for the small Executive Partnership Program is $27,760 a year.

[41] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[42] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[43] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

BEST COPY AVAILABLE

# Georgia

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $24,278

(Federal law allows the state to set its income eligibility limit as high as: $36,877)

As a percent of the 2000 federal poverty level: 172%

As a percent of the 2000 state median income: 56%

*January 1995 state income eligibility cutoff for a family of three*

As a dollar amount: $19,999

As a percent of the 1994 federal poverty level: 162%

As a percent of the 1994 state median income: 58%

*Is a low-income parent enrolled in college eligible for child care assistance?*

No (but parents receive assistance for full-time care if working at least 25 hours a week and can use the additional hours of care to cover school attendance)

*Does a parent have to work while in college in order to qualify for assistance?*

Not applicable

*Is there a limit on how long a parent can attend college and continue to receive assistance?*

Not applicable

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*

Yes. 9,500 families with 17,100 children were on the waiting list.

*How often do families have to recertify for child care assistance?*

Every 6 months

*How do families recertify for assistance?*

Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[44]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $22 per month
*Fee as a percent of income: 4%*

*$14,150 a year (100% of 2000 poverty level):* $56 per month
*Fee as a percent of income: 5%*

*January 1995 fee for a family at 100% of poverty ($12,320 a year):* $91 per month
*Fee as a percent of income: 9%*

*$21,225 a year (150% of 2000 poverty level):* $139 per month
*Fee as a percent of income: 8%*

*Fees for multiple children:*

Reduced fees for additional children.

*Families exempt from fees:*

TANF families

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*

Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*

$325 per month[45] (Metro Atlanta)

*Is this rate equal to at least the 75th percentile of the current market rate?*

No

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

$126 per month below the 75th percentile of 1998 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*

Cannot be determined from data available

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

Statewide limit set at a rate equal to the 75th percentile of the market rate (did not indicate year of rates)

*Reimbursement to providers for a child's absent days:*

All absent days as long as a child attends the program at least one day a week, but state will only reimburse for up to two full weeks a year.

*Types of care eligible for differential rates:*

None reported

## Types of Care Used by Families Receiving Child Care Assistance[46]

*What percentage of families receiving subsidies uses each of the following types of care?*[47]

Regulated center care: 71%
Unregulated center care:
Regulated family child care: 20% (includes group and family child care homes)
Unregulated family child care:
Regulated relative care: 6%
Unregulated relative care:
Regulated in-home care: 2%
Unregulated in-home care:

## State Contact

Bonnie Murray
Director, Childcare and Parent Services
Division of Family and Children Services
Georgia Department of Human Resources
Two Peachtree Street, Suite 21-293
Atlanta, GA 30303-3142
Phone: 404-657-3434
Fax: 404-657-3489
Email: bomurray@dhr.state.ga.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[44] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[45] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[46] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

[47] Georgia's relative and in-home care providers are considered regulated because, even though they are not required to be licensed, all informal providers are subject to background checks, on-site inspections, and training requirements.

# Hawaii

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $46,035[48]
As a percent of the 2000 federal poverty level: 325%[49]
As a percent of the 2000 state median income: 94%

*January 1995 state income eligibility cutoff for a family of three*
As a dollar amount: $44,292
As a percent of the 1994 federal poverty level: 359%
As a percent of the 1994 state median income: 107%

*Is a low-income parent enrolled in college eligible for child care assistance?*
Yes

*Does a parent have to work while in college in order to qualify for assistance?*
Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*
No limit

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*
No

*How often do families have to recertify for child care assistance?*
Once per year

*How do families recertify for assistance?*
Parents can mail in materials required for recertification, but once those materials are received, the parent is generally brought in to discuss the information.

## Parent Co-payments[50]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $0 per month
*Fee as a percent of income: 0%*

*$14,150 a year (100% of 2000 poverty level):* $0 per month
*Fee as a percent of income: 0%*

*January 1995 fee for a family at 100% of poverty ($12,320 a year):*
$0 per month
*Fee as a percent of income: 0%*

*$21,225 a year (150% of 2000 poverty level):* $38 per month
*Fee as a percent of income: 2%*

*Fees for multiple children:*
Same per-child fee for each child, with no discounts on the fee for additional children.

*Families exempt from fees:*
Very low-income families (Children receiving protective services are not explicitly exempt from fees, but because the state does not consider income for these children, they do not have incomes high enough for them to be subject to fees.)

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*
Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*
$375 per month[51] (Statewide)

*Is this rate equal to at least the 75th percentile of the current market rate?*
No

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
$41 per month below the 75th percentile of 1999 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*
No

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
75th percentile of 1992 rates

*Reimbursement to providers for a child's absent days:*
Nearly all absent days. State will generally only refuse to pay if the child is continually absent for an extended period of time and appears to have stopped attending completely.

*Types of care eligible for differential rates:*
Centers accredited by NAEYC (No general special needs rates, but particular contracts available offering higher rates for special needs care)

## Types of Care Used by Families Receiving Child Care Assistance[52]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 10%
Unregulated center care:
Regulated family child care: 28% (includes regulated and
Unregulated family child care: unregulated)
Regulated relative care:
Unregulated relative care: 60%
Regulated in-home care:
Unregulated in-home care: 2%

## State Contact

Garry L. Kemp
Assistant Administrator
Benefits, Employment, and Support Services Division
Hawaii Department of Human Services
820 Mililani Street, Suite 606
Haseko Center
Honolulu, HI 96813
Phone: 808-586-7054
Fax: 808-586-5229
Email: gkemp@bessd.dhs.state.hi.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[48] The income cutoff takes into account a 20 percent deduction of all countable income (state's published guideline is for adjusted gross income, which equals 80 percent of gross income).

[49] The income cutoff is calculated as a percentage of the federal poverty level that applies to the 48 contiguous states for purposes of comparison across states, but the federal government uses a separate, higher poverty level for Hawaii ($16,270 for a family of three) because it has a significantly higher cost of living.

[50] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[51] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[52] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# Idaho

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $20,472

(Federal law allows the state to set its income eligibility limit as high as: $32,934)

As a percent of the 2000 federal poverty level: 145%

As a percent of the 2000 state median income: 53%

> *January 1995 state income eligibility cutoff for a family of three*
> As a dollar amount: $22,188
> As a percent of the 1994 federal poverty level: 180%
> As a percent of the 1994 state median income: 72%

*Is a low-income parent enrolled in college eligible for child care assistance?*

Yes

*Does a parent have to work while in college in order to qualify for assistance?*

Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*

4-year degree (Bachelor's degree)

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*

No

*How often do families have to recertify for child care assistance?*

Every 6 months

*How do families recertify for assistance?*

Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[63]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $4 per month
*Fee as a percent of income:* 1%

*$14,150 a year (100% of 2000 poverty level):* $65 per month
*Fee as a percent of income:* 6%

> *January 1995 fee for a family at 100% of poverty ($12,320 a year):*
> $232 per month
> *Fee as a percent of income:* 23%

*$21,225 a year (150% of 2000 poverty level):* Not eligible
*Fee as a percent of income:* Not eligible

*Fees for multiple children:*

Same per-child fee for each child, with no discounts on the fee for additional children.

*Families exempt from fees:*

TANF families participating in required activities that do not produce income

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*

Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*

$434 per month[64] (Boise Region)

*Is this rate equal to at least the 75th percentile of the current market rate?*

Yes

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1998 rates

> *January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*
> Yes
>
> *How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
> 75th percentile of 1993 rates

*Reimbursement to providers for a child's absent days:*

Nearly all absent days. State will generally only refuse to pay if the child is continually absent for an extended period of time and appears to have stopped attending completely.

*Types of care eligible for differential rates:*

None reported

## Types of Care Used by Families Receiving Child Care Assistance[65]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 45% (estimate)
Unregulated center care:
Regulated family child care: 34% (estimate; includes regulated
Unregulated family child care: and unregulated)
Regulated relative care:
Unregulated relative care: 21% (estimate)
Regulated in-home care:
Unregulated in-home care: less than 1% (estimate)

## State Contact

Cheryl Bowers
Program Specialist
Idaho Department of Health and Welfare
450 W. State
P.O. Box 83720
Boise, ID 83720-0036
Phone: 208-334-5733
Fax: 208-334-5817
Email: bowersc@idhw.state.id.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[63] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[64] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[65] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# Illinois

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $24,243[66]
(Federal law allows the state to set its income eligibility limit as high as: $41,277)
As a percent of the 2000 federal poverty level: 171%
As a percent of the 2000 state median income: 50%

*January 1995 state income eligibility cutoff for a family of three*
As a dollar amount: $26,230
As a percent of the 1994 federal poverty level: 213%
As a percent of the 1994 state median income: 68%

*Is a low-income parent enrolled in college eligible for child care assistance?*
Yes

*Does a parent have to work while in college in order to qualify for assistance?*
Yes, 10 hours per week

*Is there a limit on how long a parent can attend college and continue to receive assistance?*
Studies for a second Bachelor's degree not allowed; no other limit as long as making adequate progress

## Access to Assistance for Eligible Families

Does the state have a waiting list or frozen intake for child care assistance?
No. Illinois, although not adopting any legal or regulatory provisions, has explicitly stated its commitment to serving all families who apply for help and meet the income eligibility criteria. The state has worked to budget sufficient funds so it will be able to assist all eligible families who apply.

*How often do families have to recertify for child care assistance?*
Every 6 months for low-income families. Some agencies have TANF families recertify monthly, although families can be certified for up to 3 months at a time. Families enrolled in Head Start are allowed to remain eligible for child care assistance for a full year without having to recertify.

*How do families recertify for assistance?*
Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[67]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $22 per month
*Fee as a percent of income: 4%*

*$14,150 a year (100% of 2000 poverty level):* $65 per month
*Fee as a percent of income: 6%*

*January 1995 fee for a family at 100% of poverty ($12,320 a year):*
$1 per month
*Fee as a percent of income: <1%*

*$21,225 a year (150% of 2000 poverty level):* $134 per month
*Fee as a percent of income: 8%*

*Fees for multiple children:*
Reduced fees for additional children.

*Families exempt from fees:*
Adults serving as representative payees for child-only TANF cases

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*
Yes (for certificates)

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*
$514 per month[68] (Cook, DuPage, Kane, Kendell, Lake, and McHenry Counties)

*Is this rate equal to at least the 75th percentile of the current market rate?*
No

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
$109 per month below the 75th percentile of 1998 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*
Cannot be determined from data available

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
Rate set using a combination of market rate survey data and audited costs of existing subsidized programs

*Reimbursement to providers for a child's absent days:*
The state reimburses centers and licensed home networks for all absent days if the aggregate number of absences for all children with subsidies who are served by the provider equals no more than 20 percent of all eligible days for the children.

*Types of care eligible for differential rates:*
Special needs care (rates determined on a case-by-case basis), nontraditional-hour care, providers with at least one-quarter of their children under two-and-a-half years of age and at least one-half receiving subsidies

## Types of Care Used by Families Receiving Child Care Assistance[69]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 29%
Unregulated center care: 1%
Regulated family child care: 13% (includes group and family child care homes)
Unregulated family child care: 2%
Regulated relative child care: 34% (includes regulated and
Unregulated relative child care: unregulated)
Regulated in-home child care: 20% (includes regulated and
Unregulated in-home child care: unregulated)

## State Contact

Linda Saterfield
Chief, Bureau of Child Care and Development
Illinois Department of Human Services
330 Iles Park Place, Suite 270
Springfield, IL 62762
Phone: 217-785-2559
Fax: 217-524-6030
Email: dhsd6501@dhs.state.il.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[66] The income cutoff shown here takes into account a 10 percent earned income deduction.

[67] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[68] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[69] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# Indiana

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $19,848[60]

(Federal law allows the state to set its income eligibility limit as high as: $38,257)

As a percent of the 2000 federal poverty level: 140%

As a percent of the 2000 state median income: 44%

*January 1995 state income eligibility cutoff for a family of three*

As a dollar amount: $23,916

As a percent of the 1994 federal poverty level: 194%

As a percent of the 1994 state median income: 58%

*Is a low-income parent enrolled in college eligible for child care assistance?*

Yes

*Does a parent have to work while in college in order to qualify for assistance?*

Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*

Up to a Bachelor's degree, but no limit on time allowed to complete it

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*

No

*How often do families have to recertify for child care assistance?*

Every 6 months

*How do families recertify for assistance?*

Some of the more rural areas allow families to mail in their application and documents for verification, but most agencies have families recertify in person.

## Parent Co-payments[61]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $0 per month

*Fee as a percent of income:* 0%

*$14,150 a year (100% of 2000 poverty level):* $22 per month

*Fee as a percent of income:* 2%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):* $0 per month

*Fee as a percent of income:* 0%

*$21,225 a year (150% of 2000 poverty level):* $152 per month

*Fee as a percent of income:* 9%

*Fees for multiple children:*

No additional fees for additional children.

*Families exempt from fees:*

Very low-income families, children receiving protective services (TANF parents are not explicitly exempt from fees, but rarely pay fees because they do not have incomes high enough to be subject to them.)

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*

Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*

$520 per month[62] (Hamilton County)

*Is this rate equal to at least the 75th percentile of the current market rate?*

Yes

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1998 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*

Yes

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1994 rates

*Reimbursement to providers for a child's absent days:*

Up to 20 absent days per year.

*Types of care eligible for differential rates:*

Special needs care

## Types of Care Used by Families Receiving Child Care Assistance[63]

*What percentage of families receiving subsidies uses each of the following types of care?*

| | |
|---|---|
| Regulated center care: | Data not available |
| Unregulated center care: | |
| Regulated family child care: | |
| Unregulated family child care: | |
| Regulated relative care: | |
| Unregulated relative care: | |
| Regulated in-home care: | |
| Unregulated in-home care: | |

## State Contact

Carole Stein
Acting Deputy Director, Bureau of Child Development
Indiana Family and Social Services Administration
Division of Family and Children
402 W. Washington Street, Room W-386
Indianapolis, IN 46204
Phone: 317-232-1148
Fax: 317-232-7948
Email: cstein@fssa.state.in.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[60] Families already receiving assistance can continue doing so until their annual income reaches $25,128. The March 2000 income cutoff was set at 143 percent of the 1999 federal poverty level. The cutoff was adjusted for the updated federal poverty level later in the year.

[61] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[62] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[63] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# Iowa

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $19,428[64]

(Federal law allows the state to set its income eligibility limit as high as: $36,972)

As a percent of the 2000 federal poverty level: 137%

As a percent of the 2000 state median income: 45%

*January 1995 state income eligibility cutoff for a family of three*

As a dollar amount: $12,324

As a percent of the 1994 federal poverty level: 100%

As a percent of the 1994 state median income: 37%

*Is a low-income parent enrolled in college eligible for child care assistance?*

Yes

*Does a parent have to work while in college in order to qualify for assistance?*

Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*

24-month lifetime limit

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*

No (State has started a waiting list since March 2000.)

*How often do families have to recertify for child care assistance?*

Once per year

*How do families recertify for assistance?*

Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[65]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $0 per month

*Fee as a percent of income:* 0%

*$14,150 a year (100% of 2000 poverty level):* $22 per month

*Fee as a percent of income:* 2%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):*

$0 per month

*Fee as a percent of income:* 0%

*$21,225 a year (150% of 2000 poverty level):* Not eligible

*Fee as a percent of income:* Not eligible

*Fees for multiple children:*

No additional fees for additional children.

*Families exempt from fees:*

Very low-income families, families in the PROMISE JOBS components of the welfare program, children receiving protective services

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*

No

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*

$411 per month[66] (Statewide)

*Is this rate equal to at least the 75th percentile of the current market rate?*

Yes

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1998 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*

No

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1991 rates

*Reimbursement to providers for a child's absent days:*

Up to four days a month.

*Types of care eligible for differential rates:*

Special needs care

## Types of Care Used by Families Receiving Child Care Assistance[67]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 37%

Unregulated center care:

Regulated family child care: 30% (includes 18% family child care and 12% family group care)

Unregulated family child care: 31% (includes relative and other non-registered providers)

Regulated relative care: Data not available (relative care grouped with unregulated family child care)

Unregulated relative care:

Regulated in-home care: 2%

Unregulated in-home care:

## State Contact

Julie Ingersoll
Bureau Chief, Division of Adult, Children and Family Services
Iowa Department of Human Services
Hoover State Office Building
5th Floor
Des Moines, IA 50319
Phone: 515-281-3186
Fax: 515-281-4597
Email: jingers@dhs.state.ia.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[64] The March 2000 income cutoff was set at 140 percent of the 1999 federal poverty level. The cutoff was adjusted for the updated federal poverty level later in the year.

[65] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[66] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[67] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# Kansas

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $25,680[68]

(Federal law allows the state to set its income eligibility limit as high as: $37,771)

As a percent of the 2000 federal poverty level: 181%

As a percent of the 2000 state median income: 58%

*January 1995 state income eligibility cutoff for a family of three*

As a dollar amount: $22,812

As a percent of the 1994 federal poverty level: 185%

As a percent of the 1994 state median income: 67%

*Is a low-income parent enrolled in college eligible for child care assistance?*

No

*Does a parent have to work while in college in order to qualify for assistance?*

Not applicable

*Is there a limit on how long a parent can attend college and continue to receive assistance?*

Not applicable

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*

No

*How often do families have to recertify for child care assistance?*

Once per year

*How do families recertify for assistance?*

Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[69]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $0 per month
*Fee as a percent of income:* 0%

*$14,150 a year (100% of 2000 poverty level):* $58 per month
*Fee as a percent of income:* 5%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):* $24 per month
*Fee as a percent of income:* 2%

*$21,225 a year (150% of 2000 poverty level):* $177 per month
*Fee as a percent of income:* 10%

*Fees for multiple children:*

No additional fees for additional children.

*Families exempt from fees:*

Very low-income families, TANF families, families in first two months of transition from TANF, children receiving protective services (Teen parents are not explicitly exempt from fees, but rarely have a co-payment in practice. Only the income of the teen and their child are counted and as a result they generally do not have an income high enough to be subject to a fee.)

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*

Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*

$460 per month[70] (Olathe Area)

*Is this rate equal to at least the 75th percentile of the current market rate?*

No

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

65th percentile of 1998 rates for children over 18 months of age (the 65th percentile is $29 per month below the 75th percentile of 1998 rates); 70th percentile for children under 18 months of age

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*

No

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

65th percentile for children over 18 months; 60th percentile of 1993 rates for children under 18 months

*Reimbursement to providers for a child's absent days:*

Up to three absent days per month.

*Types of care eligible for differential rates:*

Special needs care (rate equal to infant rate plus add-on for special needs care for children with less severe needs and higher rate for Special Purpose Centers serving children with severe needs)

## Types of Care Used by Families Receiving Child Care Assistance[71]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 36%
Unregulated center care:
Regulated family child care: 50%
Unregulated family child care:
Regulated relative care:
Unregulated relative care: 7%
Regulated in-home care:
Unregulated in-home care: 7%

## State Contact

Rachel Katuin
Child Care Subsidy Program Manager
Social and Rehabilitation Services
915 SW Harrison
DSOB, Rm 681W
Topeka, KS 66612
Phone: 785-368-6351
Fax: 785-296-0146
Email: rak@srskansas.org

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[68] The March 2000 income cutoff was set at 185 percent of the 1999 federal poverty level. The cutoff was adjusted for the updated federal poverty level on May 1st.

[69] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[70] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[71] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# Kentucky

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $22,208[72]
(Federal law allows the state to set its income eligibility limit as high as: $32,868)
As a percent of the 2000 federal poverty level: 157%
As a percent of the 2000 state median income: 57%

*January 1995 state income eligibility cutoff for a family of three*
As a dollar amount: $18,272
As a percent of the 1994 federal poverty level: 148%
As a percent of the 1994 state median income: 60%

*Is a low-income parent enrolled in college eligible for child care assistance?*
Yes

*Does a parent have to work while in college in order to qualify for assistance?*
Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*
No limit

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*
No

*How often do families have to recertify for child care assistance?*
Once per year

*How do families recertify for assistance?*
Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[73]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $0 per month
*Fee as a percent of income:* 0%

*$14,150 a year (100% of 2000 poverty level):* $87 per month
*Fee as a percent of income:* 7%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):*
$49 per month
*Fee as a percent of income:* 5%

*$21,225 a year (150% of 2000 poverty level):* $152 per month
*Fee as a percent of income:* 9%

*Fees for multiple children:*
Reduced fees for additional children.

*Families exempt from fees:*
Very low-income families, children receiving protective services (on a case-by-case basis)

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*
Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*
$368 per month[74] (Jefferson, Fayette, Boone, Kenton, and Campbell Counties)

*Is this rate equal to at least the 75th percentile of the current market rate?*
Yes

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
75th percentile of 1998 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*
No

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
75th percentile of 1992 rates

*Reimbursement to providers for a child's absent days:*
For regulated providers, up to five absent days a month and reimbursement for additional absent days may be approved depending on the situation. (Unregulated providers are reimbursed on an attendance basis and do not receive reimbursement for any absent days.)

*Types of care eligible for differential rates:*
Special needs care, nontraditional-hour care, accredited centers and certified homes

## Types of Care Used by Families Receiving Child Care Assistance[75]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 68%
Unregulated center care:
Regulated family child care: 5%
Unregulated family child care:
Regulated relative care:
Unregulated relative care: 25%
Regulated in-home care:
Unregulated in-home care: 2%

## State Contact

Michael Cheek
Director, Division of Child Care
Department for Community Based Services
275 E. Main Street
Frankfort, KY 40621
Phone: 502-564-2524
Fax: 502-564-3464
Email: Michael.Cheek@mail.state.ky.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[72] The March 2000 income cutoff was set at 160 percent of the 1999 federal poverty level. The cutoff was adjusted for the updated federal poverty level later in the year.

[73] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[74] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[75] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# Louisiana

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $29,040

(Federal law allows the state to set its income eligibility limit as high as: $32,906)

As a percent of the 2000 federal poverty level: 205%

As a percent of the 2000 state median income: 75%

*January 1995 state income eligibility cutoff for a family of three*

As a dollar amount: $18,816

As a percent of the 1994 federal poverty level: 153%

As a percent of the 1994 state median income: 62%

*Is a low-income parent enrolled in college eligible for child care assistance?*

Yes

*Does a parent have to work while in college in order to qualify for assistance?*

Not required if attending school at least 20 hours per week. A parent is eligible for any combination of work, school, and training that totals 20 hours per week.

*Is there a limit on how long a parent can attend college and continue to receive assistance?*

No limit

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*

No

*How often do families have to recertify for child care assistance?*

Every 6 months for low-income families (some low-income families are allowed to remain eligible without recertification for a full year, but only if they meet certain stringent criteria). Every 12 months for TANF families (TANF families receiving welfare may be seeing their TANF case managers much more frequently, which provides an opportunity to verify that they still need child care assistance).

*How do families recertify for assistance?*

Low-income families are allowed to recertify by phone and/or by mail. TANF families must appear in person for recertification.

## Parent Co-payments[76]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $0 per month
*Fee as a percent of income:* 0%

*$14,150 a year (100% of 2000 poverty level):* $49 per month
*Fee as a percent of income:* 4%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):* $22 per month
*Fee as a percent of income:* 2%

*$21,225 a year (150% of 2000 poverty level):* $114 per month
*Fee as a percent of income:* 6%

*Fees for multiple children:*

Same per-child fee for each child, with no discounts on the fee for additional children.

*Families exempt from fees:*

Very low-income families, TANF families (Children receiving protective services are not explicitly exempt from fees, but because the state does not consider income for these children, they do not have incomes high enough for them to be subject to fees.)

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*

Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*

$325 per month[77] (Statewide)

*Is this rate equal to at least the 75th percentile of the current market rate?*

Yes

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1999 infant care rates (the infant care rate exceeds the 75th percentile of rates for four-year-olds by $22 per month)

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*

No

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1991 rates

*Reimbursement to providers for a child's absent days:*

Up to 10 absent days a month.

*Types of care eligible for differential rates:*

Special needs care

## Types of Care Used by Families Receiving Child Care Assistance[78]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 63%
Unregulated center care:
Regulated family child care: 24% (includes relative providers)
Unregulated family child care:
Regulated relative care: Data not available (relative care grouped with family child care)
Unregulated relative care:
Regulated in-home care: 13%
Unregulated in-home care:

## State Contact

Gwendolyn D. Brooks
Director, Child Care Assistance Program
Louisiana Department of Social Services
Office of Family Support
412 N. 4th Street, Suite 200
Baton Rouge, LA 70821
Phone: 225-342-9108
Fax: 225-342-9111
Email: gbrooks@dss.state.la.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[76] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[77] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[78] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

BEST COPY AVAILABLE

# Maine

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $34,303

(Federal law allows the state to set its income eligibility limit as high as: $34,303)

As a percent of the 2000 federal poverty level: 242%

As a percent of the 2000 state median income: 85%

*January 1995 state income eligibility cutoff for a family of three*

As a dollar amount: $25,358

As a percent of the 1994 federal poverty level: 206%

As a percent of the 1994 state median income: 75%

*Is a low-income parent enrolled in college eligible for child care assistance?*

Yes

*Does a parent have to work while in college in order to qualify for assistance?*

Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*

4-year program

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*

Yes. 1,419 families with 1,987 children were on the waiting list.

*How often do families have to recertify for child care assistance?*

Every 6 months for low-income families. Every 3 months for TANF families.

*How do families recertify for assistance?*

Low-income families are allowed to recertify by phone and/or by mail. (Parents may recertify through their providers as well in certain situations.) TANF parents must appear in person at least once a year to recertify.

## Parent Co-payments[79]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $24 per month

*Fee as a percent of income:* 4%

*$14,150 a year (100% of 2000 poverty level):* $71 per month

*Fee as a percent of income:* 6%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):* $62 per month

*Fee as a percent of income:* 6%

*$21,225 a year (150% of 2000 poverty level):* $159 per month

*Fee as a percent of income:* 9%

*Fees for multiple children:*

Reduced fees for additional children.

*Families exempt from fees:*

TANF families, children who have special needs themselves and/or who have parents with disabilities (on a case-by-case basis)

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*

No

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*

$576 per month[80] (Cumberland County)

*Is this rate equal to at least the 75th percentile of the current market rate?*

Yes

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 2000 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*

Yes

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1994 rates

*Reimbursement to providers for a child's absent days:*

Up to 2 weeks per year. (The state allows the limit to be waived and reimburses for additional absent days in certain circumstances.)

*Types of care eligible for differential rates:*

Special needs care (for agencies receiving certificates, not contract agencies), accredited care, nontraditional-hour care (for agencies receiving certificates, not contract agencies)

## Types of Care Used by Families Receiving Child Care Assistance[81]

*What percentage of families receiving subsidies uses each of the following types of care?*

| | |
|---|---|
| Regulated center care: | Data not available (While state was not able to report exact percentages, it did report that the majority of families are using family child care.) |
| Unregulated center care: | |
| Regulated family child care: | |
| Unregulated family child care: | |
| Regulated relative care: | |
| Unregulated relative care: | |
| Regulated in-home care: | |
| Unregulated in-home care: | |

## State Contact

Kerry Wiersma
Director, Division of Contracted Community Services
Maine Department of Human Services
11 State House Station
Augusta, ME 04333
Phone: 207-287-5045
Fax: 207-287-5031
Email: kerry.wiersma@state.me.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[79] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[80] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[81] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# Maryland

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $22,463
(Federal law allows the state to set its income eligibility limit as high as: $47,487)
As a percent of the 2000 federal poverty level: 159%
As a percent of the 2000 state median income: 40%

*January 1995 state income eligibility cutoff for a family of three*
As a dollar amount: $18,409
As a percent of the 1994 federal poverty level: 149%
As a percent of the 1994 state median income: 43%

*Is a low-income parent enrolled in college eligible for child care assistance?*
Yes

*Does a parent have to work while in college in order to qualify for assistance?*
Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*
No limit

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*
No

*How often do families have to recertify for child care assistance?*
Once per year. Localities are given the option of extending the eligibility period for child care assistance for Head Start families to match the Head Start school year.

*How do families recertify for assistance?*
Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[82]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $6 per month
*Fee as a percent of income:* 1%

*$14,150 a year (100% of 2000 poverty level):* $90 per month
*Fee as a percent of income:* 8%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):*
$45 per month
*Fee as a percent of income:* 4%

*$21,225 a year (150% of 2000 poverty level):* $234 per month
*Fee as a percent of income:* 13%

*Fees for multiple children:*
Reduced fees for additional children.

*Families exempt from fees:*
TANF families, individuals receiving Supplemental Security Income

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*
Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*
$587 per month[83] (Montgomery and Howard Counties)

*Is this rate equal to at least the 75th percentile of the current market rate?*
Yes

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
75th percentile of 1999 regional rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*
No

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
Statewide limit set below the 75th percentile of the market rate (did not indicate year of rates)

*Reimbursement to providers for a child's absent days:*
Up to five absent days per month without documentation; reimbursement for additional absent days allowed for medical reasons with documentation.

*Types of care eligible for differential rates:*
Special needs care, nontraditional-hour care

## Types of Care Used by Families Receiving Child Care Assistance[84]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 42%
Unregulated center care:
Regulated family child care: 36%
Unregulated family child care:
Regulated relative care: 22%
Unregulated relative care:
Regulated in-home care:
Unregulated in-home care:

## State Contact

Linda Heisner
Executive Director, Child Care Administration
Maryland Department of Human Resources
311 W. Saratoga Street 1st Floor
Baltimore, MD 21201
Phone: 410-767-7128
Fax: 410-333-8699
Email: lheisner@dhr.state.md.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[82] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[83] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[84] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# Massachusetts

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $27,312[85]

(Federal law allows the state to set its income eligibility limit as high as: $46,419)

As a percent of the 2000 federal poverty level: 193%

As a percent of the 2000 state median income: 50%

*January 1995 state income eligibility cutoff for a family of three*

As a dollar amount: $23,172

As a percent of the 1994 federal poverty level: 188%

As a percent of the 1994 state median income: 54%

*Is a low-income parent enrolled in college eligible for child care assistance?*

Yes

*Does a parent have to work while in college in order to qualify for assistance?*

Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*

4 years

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*

Yes. 11,700 families with 17,500 children were on the waiting list.

*How often do families have to recertify for child care assistance?*

Every 6 months

*How do families recertify for assistance?*

Families are allowed to recertify by phone and/or by mail. (Parents may recertify through their providers as well in at least certain situations.)

## Parent Co-payments[86]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $0 per month

*Fee as a percent of income:* 0%

*$14,150 a year (100% of 2000 poverty level):* $78 per month

*Fee as a percent of income:* 7%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):*

$78 per month

*Fee as a percent of income:* 8%

*$21,225 a year (150% of 2000 poverty level):* $173 per month

*Fee as a percent of income:* 10%

*Fees for multiple children:*

Reduced fees for additional children.

*Families exempt from fees:*

Very low-income families, children receiving protective services (on a case-by-case basis), foster children, teen parents, relatives serving as representative payees for child-only TANF cases

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*

No

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*

$628 per month[87] (City of Boston)

*Is this rate equal to at least the 75th percentile of the current market rate?*

No

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

$172 per month below the 75th percentile of 2000 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*

No

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

Negotiated rates lower than the 75th percentile of 1990 rates

*Reimbursement to providers for a child's absent days:*

11 or more unexplained absences within a 30-day period or three consecutive absences result in an immediate reassessment of the family's continued need for child care. If a child is sick for more than 10 consecutive days, the family must provide a doctor's note explaining the reason for the child's absence and indicating the expected return date.

*Types of care eligible for differential rates:*

Providers serving teen parents, providers offering supportive services for children in protective services (No general special needs rate, but supplemental funding available for special needs care. As of June 2001, state began implementing pilot program to offer higher rates for nontraditional-hour care.)

## Types of Care Used by Families Receiving Child Care Assistance[88]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 62%

Unregulated center care:

Regulated family child care: 26%

Unregulated family child care:

Regulated relative care:

Unregulated relative care: 13% (includes relative and in-home care)

Regulated in-home care: Data not available (in-home care grouped with unregulated relative care)

Unregulated in-home care:

## State Contact

Janet McKeon
Director of Policy and Training
Massachusetts Office of Child Care Services
One Ashburn Place
Room 1105
Boston, MA 02108
Phone: 617-626-2086
Fax: 617-626-2028
Email: Janet.McKeon@ofc.state.ma.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[85] Families already receiving assistance can continue doing so until their annual income reaches $46,428.

[86] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[87] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[88] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# Michigan

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $26,064
(Federal law allows the state to set its income eligibility limit as high as: $41,070)
As a percent of the 2000 federal poverty level: 184%
As a percent of the 2000 state median income: 54%

*January 1995 state income eligibility cutoff for a family of three*
As a dollar amount: $26,064
As a percent of the 1994 federal poverty level: 211%
As a percent of the 1994 state median income: 70%

*Is a low-income parent enrolled in college eligible for child care assistance?*
Yes, but only if a food stamp-only recipient or voluntarily served by the Michigan Works Agency

*Does a parent have to work while in college in order to qualify for assistance?*
Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*
No limit, as long as part of agency-approved plan

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*
No

*How often do families have to recertify for child care assistance?*
Every 6 months for low-income families. Every 12 months for TANF families (families receiving welfare may be seeing their TANF case managers much more frequently, which provides an opportunity to verify that they still need child care assistance).

*How do families recertify for assistance?*
Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[89]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $24 per month[90]
*Fee as a percent of income:* 4%

*$14,150 a year (100% of 2000 poverty level):* $24 per month
*Fee as a percent of income:* 2%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):*
$23 per month
*Fee as a percent of income:* 2%

*$21,225 a year (150% of 2000 poverty level):* $24 per month
*Fee as a percent of income:* 1%

*Fees for multiple children:*
Same per-child fee for each child, with no discounts on the fee for additional children.

*Families exempt from fees:*
TANF families, children receiving protective services, adults serving as representative payees for child-only TANF cases, foster children

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*
Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*
$487 per month[91] (Genesee, Ingham, Livingston, Macomb, Monroe, Oakland, St. Clair, and Washtenaw Counties)

*Is this rate equal to at least the 75th percentile of the current market rate?*
No

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
$58 per month below the 75th percentile of 1999 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*
Yes

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
75th percentile of 1993 rates

*Reimbursement to providers for a child's absent days:*
Up to two consecutive weeks if a child is absent due to illness or a state holiday. No limit on total number of absent days reimbursed per month or per year.

*Types of care eligible for differential rates:*
Special needs care (rates determined on a case-by-case basis)

## Types of Care Used by Families Receiving Child Care Assistance[92]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 14%
Unregulated center care:
Regulated family child care: 16%
Unregulated family child care:
Regulated relative care:
Unregulated relative care: 39%
Regulated in-home care:
Unregulated in-home care: 31%

## State Contact

Paul Nelson
Director, Child Development and Care Division
Michigan Family Independence Agency
P.O. Box 30037
235 South Grand Avenue
Lansing, MI 48909-7535
Phone: 517-373-0356
Fax: 517-241-7843
Email: nelsonp3@state.mi.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[89] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[90] This scenario—a family of three earning $7,075 a year and needing full-time care—is used for comparison purposes, but would be very unlikely to arise in Michigan. To be eligible for assistance for full-time care, a parent would have to be working full time (the state does not approve full-time care for education or training), and if they were working full time, even at minimum wage, they would be earning more than $7,075 a year.

[91] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[92] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# Minnesota

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $38,169
(Federal law allows the state to set its income eligibility limit as high as: $43,252)
As a percent of the 2000 federal poverty level: 270%
As a percent of the 2000 state median income: 75%

*January 1995 state income eligibility cutoff for a family of three*
As a dollar amount: $29,309
As a percent of the 1994 federal poverty level: 238%
As a percent of the 1994 state median income: 78%

*Is a low-income parent enrolled in college eligible for child care assistance?*
Yes

*Does a parent have to work while in college in order to qualify for assistance?*
Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*
Bachelor's degree, but no limit on time to complete degree, as long as in good standing and making adequate progress

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*
Yes. 2,428 families were on the waiting list.

*How often do families have to recertify for child care assistance?*
Every 6 months

*How do families recertify for assistance?*
Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[83]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $0 per month
*Fee as a percent of income:* 0%

*$14,150 a year (100% of 2000 poverty level):* $5 per month
*Fee as a percent of income:* <1%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):*
$0 per month
*Fee as a percent of income:* 0%

*$21,225 a year (150% of 2000 poverty level):* $48 per month
*Fee as a percent of income:* 3%

*Fees for multiple children:*
No additional fees for additional children.

*Families exempt from fees:*
Very low-income families

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*
Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*
$658 per month[84] (Washington County)

*Is this rate equal to at least the 75th percentile of the current market rate?*
Yes

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
75th percentile of 1999 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*
Yes

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
75th percentile of 1994 rates

*Reimbursement to providers for a child's absent days:*
Counties may pay for no absent days or for all absent days; most counties pay for 12 to 24 absent days per year.

*Types of care eligible for differential rates:*
Special needs care (rates determined on a case-by-case basis), accredited care (Programs within an area offering a specialized type of care are sometimes eligible to receive a higher rate than the rate for the area as a whole.)

## Types of Care Used by Families Receiving Child Care Assistance[85]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 28%
Unregulated center care: 3%
Regulated family child care: 39%
Unregulated family child care: 12%
Regulated relative care:
Unregulated relative care: 15%
Regulated in-home care:
Unregulated in-home care: 4%

## State Contact

Cherie Kotilinek
Child Care Program Administrator
Minnesota Department of Children, Families and Learning
1500 Highway 36 West
Roseville, MN 55113
Phone: 651-582-8390
Fax: 651-582-8496
Email: Cherie.kotilinek@state.mn.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[83] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[84] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[85] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# Mississippi

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $27,999[96]

(Federal law allows the state to set its income eligibility limit as high as: $30,158)

As a percent of the 2000 federal poverty level: 198%

As a percent of the 2000 state median income: 79%

*January 1995 state income eligibility cutoff for a family of three*

As a dollar amount: $17,999

As a percent of the 1994 federal poverty level: 146%

As a percent of the 1994 state median income: 63%

*Is a low-income parent enrolled in college eligible for child care assistance?*

Yes

*Does a parent have to work while in college in order to qualify for assistance?*

Yes, 19 hours per week.

(Policy has since changed so that parents attending college full time do not have to work.)

*Is there a limit on how long a parent can attend college and continue to receive assistance?*

No limit specified

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*

Yes. (Data on the number of children/families on the waiting list are not available.)

*How often do families have to recertify for child care assistance?*

Every 6 months for low-income families. Each month for TANF families.

*How do families recertify for assistance?*

Families are allowed to recertify by phone and/or by mail. (Parents may recertify through their providers as well in at least certain situations.)

## Parent Co-payments[97]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $10 per month

*Fee as a percent of income:* 2%

*$14,150 a year (100% of 2000 poverty level):* $47 per month

*Fee as a percent of income:* 4%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):*

$25 per month

*Fee as a percent of income:* 2%

*$21,225 a year (150% of the 2000 poverty level):* $105 per month

*Fee as a percent of income:* 6%

*Fees for multiple children:*

Reduced fees for additional children.

*Families exempt from fees:*

TANF families, children receiving protective services (on a case-by-case basis)

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*

Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*

$303 per month[98] (Statewide)

*Is this rate equal to at least the 75th percentile of the current market rate?*

Yes

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1999 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*

Yes

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1994 rates

*Reimbursement to providers for a child's absent days:*

Nearly all absent days. State will generally only refuse to pay if the child is continually absent for an extended period of time and appears to have stopped attending completely.

*Types of care eligible for differential rates:*

Special needs care

## Types of Care Used by Families Receiving Child Care Assistance[99]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 75%

Unregulated center care:

Regulated family child care: 2% (group child care homes)

Unregulated family child care: 6%

Regulated relative care:

Unregulated relative care: 15%

Regulated in-home care:

Unregulated in-home care: 2%

## State Contact

Edna Watts
Acting Director, Office for Children and Youth
Mississippi Department of Human Services
750 North State Street
Jackson, MS 39202
Phone: 601-359-4555
Fax: 601-359-4422

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[96] The March 2000 income cutoff was set at 85 percent of the 1999 state median income. The cutoff was not adjusted for the updated state median income until later in the year.

[97] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[98] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[99] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

BEST COPY AVAILABLE

# Missouri

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $17,784

(Federal law allows the state to set its income eligibility limit as high as: $37,256)

As a percent of the 2000 federal poverty level: 126%

As a percent of the 2000 state median income: 41%

*January 1995 state income eligibility cutoff for a family of three*

As a dollar amount: $17,784

As a percent of the 1994 federal poverty level: 144%

As a percent of the 1994 state median income: 53%

*Is a low-income parent enrolled in college eligible for child care assistance?*

Yes

*Does a parent have to work while in college in order to qualify for assistance?*

Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*

1 to 4 years depending on program and parent's employability plan

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*

No

*How often do families have to recertify for child care assistance?*

Once per year

*How do families recertify for assistance?*

Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[190]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $1 per year

*Fee as a percent of income:* <1%

*$14,150 a year (100% of 2000 poverty level):* $43 per month

*Fee as a percent of income:* 4%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):*

$22 per month

*Fee as a percent of income:* 2%

*$21,225 a year (150% of 2000 poverty level):* Not eligible

*Fee as a percent of income:* Not eligible

*Fees for multiple children:*

Same per-child fee for each child, with no discounts on the fee for additional children.

*Families exempt from fees:*

Children receiving protective services, grandparents who are serving as foster parents, children with disabilities

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*

Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*

$331 per month[191] (St. Louis—Metro area)

*Is this rate equal to at least the 75th percentile of the current market rate?*

No

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

$167 per month below the 75th percentile of 1996 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*

No

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1990 rates

*Reimbursement to providers for a child's absent days:*

Up to five absences per month for children authorized for at least four days per week of care; for children in care for fewer days per week, reimbursement provided for only three days per month.

*Types of care eligible for differential rates:*

Special needs care, accredited care, nontraditional-hour care, licensed providers that have at least half of their enrolled children receiving subsidies (disproportionate share)

## Types of Care Used by Families Receiving Child Care Assistance[192]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 29%

Unregulated center care:

Regulated family child care: 35%

Unregulated family child care: 36% (includes relative care)

Regulated relative care: Data not available (relative care grouped with unregulated family child care)

Unregulated relative care:

Regulated in-home care: less than 1%

Unregulated in-home care:

## State Contact

Denise Cross
Director, Division of Family Services
Missouri Department of Social Services
P.O. Box 88
Jefferson City, MO 65103
Phone: 573-751-3221
Fax: 573-751-0507
Email: dcross@mail.state.mo.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[190] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[191] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[192] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# Montana

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $20,820[103]
(Federal law allows the state to set its income eligibility limit as high as: $31,101)
As a percent of the 2000 federal poverty level: 147%
As a percent of the 2000 state median income: 57%

*January 1995 state income eligibility cutoff for a family of three*
As a dollar amount: $21,348
As a percent of the 1994 federal poverty level: 173%
As a percent of the 1994 state median income: 70%

*Is a low-income parent enrolled in college eligible for child care assistance?*
Yes

*Does a parent have to work while in college in order to qualify for assistance?*
Yes, 15 hours per week

*Is there a limit on how long a parent can attend college and continue to receive assistance?*
No limit as long as making satisfactory progress

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*
No

*How often do families have to recertify for child care assistance?*
Every 6 months for low-income families.
Every 12 months for TANF families (however, TANF families may be meeting with their case manager every two or three months, or even more frequently).

*How do families recertify for assistance?*
Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[104]

*Fee for a family of three with one child in care and earning:*

***$7,075 a year (50% of 2000 poverty level):*** $5 per month
***Fee as a percent of income:*** 1%

***$14,150 a year (100% of 2000 poverty level):*** $47 per month
***Fee as a percent of income:*** 4%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):*
$21 per month
*Fee as a percent of income:* 2%

***$21,225 a year (150% of 2000 poverty level):*** Not eligible
***Fee as a percent of income:*** Not eligible

*Fees for multiple children:*
No additional fees for additional children.

*Families exempt from fees:*
Children receiving protective services

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*
Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*
$384 per month[105] (Bozeman District)

*Is this rate equal to at least the 75th percentile of the current market rate?*
Yes

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
75th percentile of 1998 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*
Yes

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
75th percentile of 1994 rates

*Reimbursement to providers for a child's absent days:*
Up to 15 absent days per year, or 30 days per year if it is needed to hold the slot, such as during semester breaks and vacations for a parent in school.

*Types of care eligible for differential rates:*
Special needs care

## Types of Care Used by Families Receiving Child Care Assistance[106]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 44%
Unregulated center care:
Regulated family child care: 50%
Unregulated family child care:
Regulated relative care:
Unregulated relative care: 5%
Regulated in-home care:
Unregulated in-home care: less than 1%

## State Contact

Patti Russ
Child Care Supervisor
Department of Public Health and Human Services
Early Childhood Services Bureau
P.O. Box 202952
Helena, MT 59620
Phone: 406-444-0309
Fax: 406-444-2547

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[103] The March 2000 income cutoff was set at 150 percent of the 1999 federal poverty level. The cutoff was adjusted for the updated federal poverty level in July.

[104] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[105] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[106] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# Nebraska

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $25,260

(Federal law allows the state to set its income eligibility limit as high as: $38,141)

As a percent of the 2000 federal poverty level: 179%

As a percent of the 2000 state median income: 56%

*January 1995 state income eligibility cutoff for a family of three*

As a dollar amount: $13,080

As a percent of the 1994 federal poverty level: 106%

As a percent of the 1994 state median income: 39%

*Is a low-income parent enrolled in college eligible for child care assistance?*

Yes

*Does a parent have to work while in college in order to qualify for assistance?*

Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*

No limit

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*

No

*How often do families have to recertify for child care assistance?*

Once per year

*How do families recertify for assistance?*

Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[107]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $0 per month

*Fee as a percent of income:* 0%

*$14,150 a year (100% of 2000 poverty level):* $18 per month

*Fee as a percent of income:* 2%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):*

$157 per month

*Fee as a percent of income:* 15%

*$21,225 a year (150% of 2000 poverty level):* $129 per month

*Fee as a percent of income:* 7%

*Fees for multiple children:*

Same per-child fee for each child, with no discounts on the fee for additional children. (Nebraska generally charges the same per-child fee for each child, but families of 5 or more toward the higher end of the income scale receive a slight discount for each additional child in care.)

*Families exempt from fees:*

Very low-income families, children receiving protective services, foster children (TANF parents are not explicitly exempt from fees, but rarely pay fees because they do not have incomes high enough to be subject to them.)

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*

No (except for absent days)

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*

$455 per month[108] (Douglas, Sarpy, and Lancaster Counties)

*Is this rate equal to at least the 75th percentile of the current market rate?*

No

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1997 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*

No

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1991 rates

*Reimbursement to providers for a child's absent days:*

Does not reimburse for any absent days.

*Types of care eligible for differential rates:*

Special needs care, accredited care

## Types of Care Used by Families Receiving Child Care Assistance[109]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 48%

Unregulated center care:

Regulated family child care: 51% (includes relative care)

Unregulated family child care:

Regulated relative care: Data not available (relative care grouped with family child care)

Unregulated relative care:

Regulated in-home care: 1%

Unregulated in-home care:

## State Contact

Dan Cillessen
Child Care Administrator
Nebraska Department of Health and Human Services
301 Centennial Mall South
P.O. Box 95044
Lincoln, NE 68509-5044
Phone: 402-471-9431
Fax: 402-471-9597

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[107] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[108] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[109] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# Nevada

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $33,576

(Federal law allows the state to set its income eligibility limit as high as: $38,058)

As a percent of the 2000 federal poverty level: 237%

As a percent of the 2000 state median income: 75%

*January 1995 state income eligibility cutoff for a family of three*

As a dollar amount: $29,064

As a percent of the 1994 federal poverty level: 236%

As a percent of the 1994 state median income: 82%

*Is a low-income parent enrolled in college eligible for child care assistance?*

Yes

*Does a parent have to work while in college in order to qualify for assistance?*

Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*

No limit as long as parent working towards a degree

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*

No

*How often do families have to recertify for child care assistance?*

Every 3 months. State also accepts Early Head Start and Head Start eligibility determinations for its child care subsidy program and does not require redetermination for families participating in these programs except when a child moves from Early Head Start into Head Start and when a child moves out of Head Start.

*How do families recertify for assistance?*

Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[110]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $43 per month[111]

*Fee as a percent of income:* 7%

*$14,150 a year (100% of 2000 poverty level):* $108 per month

*Fee as a percent of income:* 9%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):* Data not available

*Fee as a percent of income:* Data not available

*$21,225 a year (150% of 2000 poverty level):* $303 per month

*Fee as a percent of income:* 17%

*Fees for multiple children:*

Same per-child fee for each child, with no discounts on the fee for additional children.

*Families exempt from fees:*

Families below poverty (on a case-by-case basis), TANF families who are not working or in their first month of work, children receiving protective services (on a case-by-case basis), foster children

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*

Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*

$433 per month[112] (Clark County)

*Is this rate equal to at least the 75th percentile of the current market rate?*

Yes

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1998 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*

Cannot be determined from data available

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of the market rate (did not indicate year of rates)

*Reimbursement to providers for a child's absent days:*

Up to 10 absent days per year.

*Types of care eligible for differential rates:*

(No general special needs rate, but special grants available for modifications to serve children with special needs. State planned to begin offering tiered rates for higher quality care as well.)

## Types of Care Used by Families Receiving Child Care Assistance[113]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 80%
Unregulated center care:
Regulated family child care: 6%
Unregulated family child care:
Regulated relative care:
Unregulated relative care:
Regulated in-home care: 13%
Unregulated in-home care:

## State Contact

Gerald J. Allen
State Child Care Coordinator
Nevada Department of Human Resources, Welfare Division
2527 N. Carson Street
Carson City, NV 89706
Phone: 775-687-1172
Fax: 775-687-1079
Email: gallen@govmail.state.nv.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[110] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[111] Nevada waives its fee for families below poverty on a case-by-case basis.

[112] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[113] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# New Hampshire

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $26,376

(Federal law allows the state to set its income eligibility limit as high as: $42,826)

As a percent of the 2000 federal poverty level: 186%

As a percent of the 2000 state median income: 52%

*January 1995 state income eligibility cutoff for a family of three*

As a dollar amount: $23,412

As a percent of the 1994 federal poverty level: 190%

As a percent of the 1994 state median income: 58%

*Is a low-income parent enrolled in college eligible for child care assistance?*

Yes

*Does a parent have to work while in college in order to qualify for assistance?*

Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*

2 years

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*

No

*How often do families have to recertify for child care assistance?*

Every 6 months

*How do families recertify for assistance?*

Families must recertify in person. (Certain providers serving children with subsidies have a contract with the state to determine eligibility for subsidies as well. In these cases, the family would recertify through their provider.)

## Parent Co-payments[114]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $1 per month

*Fee as a percent of income:* <1%

*$14,150 a year (100% of 2000 poverty level):* $1 per month

*Fee as a percent of income:* <1%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):* $1 per month

*Fee as a percent of income:* <1%

*$21,225 a year (150% of 2000 poverty level):* $2 per month

*Fee as a percent of income:* <1%

*Fees for multiple children:*

Same per-child fee for each child, with no discounts on the fee for additional children.[115]

*Families exempt from fees:*

TANF families

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*

Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*

$459 per month for non-contracted care; $503 per month for contracted care[116] (Statewide)

*Is this rate equal to at least the 75th percentile of the current market rate?*

No

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

$44 per month below the 75th percentile of 1994 rates for non-contracted care; equal to the 75th percentile of 1994 rates for contracted care[117]

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*

Cannot be determined from data available

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

Approximately at the 75th percentile of the market rate (did not indicate year of rates)

*Reimbursement to providers for a child's absent days:*

No reimbursement for absent days for non-TANF families. Contract providers who serve TANF families can bill for up to a total of 99 hours each day for absences for all of the children they serve. Non-contract providers serving TANF families can receive reimbursement for up to 10 absent days in each six-month period.

*Types of care eligible for differential rates:*

Contract providers responsible for eligibility determination as well as child care services (State planned to implement a special needs rate in August 2000.)

## Types of Care Used by Families Receiving Child Care Assistance[118]

*What percentage of families receiving subsidies uses each of the following types of care?*

| | |
|---|---|
| Regulated center care: | 59% |
| Unregulated center care: | Data not available (Of the remaining 41% of care that is not center-based, there is a mix of family child care, relative care, and in-home care.) |
| Regulated family child care: | |
| Unregulated family child care: | |
| Regulated relative care: | |
| Unregulated relative care: | |
| Regulated in-home care: | |
| Unregulated in-home care: | |

## State Contact

Margaret Leitch Copeland
Administrator, Child Development Bureau
Division for Children, Youth and Families
New Hampshire Department of Health and Human Services
129 Pleasant Street
Concord, NH 03301
Phone: 603-271-8153
Fax: 603-271-7982
Email: mleitchc@dhhs.state.nh.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[114] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[115] For families with three or more children in the Step 3 category—non-TANF families with incomes from 140 to 190 percent of poverty—New Hampshire's maximum reimbursement rate is slightly higher, which in effect provides a discount for additional children.

[116] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month. The rates reported here for New Hampshire apply to TANF families only. The maximum rates for non-TANF families are lower.

[117] The reimbursement rate for non-contracted care for non-TANF families with incomes under 140 percent of poverty is $186 per month below the 75th percentile of 1994 rates. The rate for non-TANF families with incomes between 140 and 190 percent of poverty is $253 per month below the 75th percentile of 1994 rates.

[118] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# New Jersey

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $28,300[119]
(Federal law allows the state to set its income eligibility limit as high as: $48,077)
As a percent of the 2000 federal poverty level: 200%
As a percent of the 2000 state median income: 50%

*January 1995 state income eligibility cutoff for a family of three*
As a dollar amount: $26,206
As a percent of the 1994 federal poverty level: 213%
As a percent of the 1994 state median income: 57%

*Is a low-income parent enrolled in college eligible for child care assistance?*
Yes

*Does a parent have to work while in college in order to qualify for assistance?*
Yes, varies by education program

*Is there a limit on how long a parent can attend college and continue to receive assistance?*
No limit

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*
No (State has started a waiting list since March 2000.)

*How often do families have to recertify for child care assistance?*
Once per year for low-income families. Twice a year for TANF families.

*How do families recertify for assistance?*
Low-income families are allowed to recertify by phone and/or by mail. TANF families must appear in person for recertification.

## Parent Co-payments[120]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $33 per month
*Fee as a percent of income:* 6%

*$14,150 a year (100% of 2000 poverty level):* $71 per month
*Fee as a percent of income:* 6%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):*
$67 per month
*Fee as a percent of income:* 7%

*$21,225 a year (150% of 2000 poverty level):* $133 per month
*Fee as a percent of income:* 8%

*Fees for multiple children:*
Reduced fees for additional children.

*Families exempt from fees:*
TANF families who have no income, children receiving protective services (on a case-by-case basis)

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*
Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*
$480 per month[121] (Statewide)

*Is this rate equal to at least the 75th percentile of the current market rate?*
No

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
$105 per month below the 75th percentile of 1997 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*
No

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
Statewide limit set below the 75th percentile of 1992 rates

*Reimbursement to providers for a child's absent days:*
Reimbursement for the full month of care if a child is absent for no more than 20 percent of the month.

*Types of care eligible for differential rates:*
Accredited centers, school-age programs, summer camps, and family child care homes

## Types of Care Used by Families Receiving Child Care Assistance[122]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 74%
Unregulated center care:
Regulated family child care: 11% (may include some
Unregulated family child care: unregulated family child care)
Regulated relative care:
Unregulated relative care: 13%
Regulated in-home care:
Unregulated in-home care: 2%

## State Contact

Beverly Lynn
Child Care Administrator, Office of Child Care Operations
New Jersey Department of Human Services
Division of Family Development
P.O. Box 716, Building #6 Quakerbridge Plaza
Trenton, NJ 08625-0716
Phone: 609-588-2163
Fax: 609-588-3051
Email: blynn@dhs.state.nj.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[119] Families already receiving assistance can continue doing so until their annual income reaches $35,375.

[120] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[121] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[122] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# New Mexico

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $28,300
(Federal law allows the state to set its income eligibility limit as high as: $28,584)
As a percent of the 2000 federal poverty level: 200%
As a percent of the 2000 state median income: 84%

*January 1995 state income eligibility cutoff for a family of three*
As a dollar amount: $19,836
As a percent of the 1994 federal poverty level: 161%
As a percent of the 1994 state median income: 68%

*Is a low-income parent enrolled in college eligible for child care assistance?*
Yes

*Does a parent have to work while in college in order to qualify for assistance?*
Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*
Bachelor's degree, with five years allowed for completion

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*
No

*How often do families have to recertify for child care assistance?*
Every 6 months for low-income families and TANF families.
Once a year for transitioning families.

*How do families recertify for assistance?*
Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[133]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $11 per month
*Fee as a percent of income:* 2%

*$14,150 a year (100% of 2000 poverty level):* $48 per month
*Fee as a percent of income:* 4%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):* $25 per month
*Fee as a percent of income:* 2%

*$21,225 a year (150% of the 2000 poverty level):* $110 per month
*Fee as a percent of income:* 6%

*Fees for multiple children:*
Reduced fees for additional children.

*Families exempt from fees:*
Children receiving protective services

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*
No (except for sales tax and field trips)

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*
$364 per month[134] (Metropolitan areas[135])

*Is this rate equal to at least the 75th percentile of the current market rate?*
No

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
Mean of 1999 market rates (the mean is $91 per month below the 75th percentile of 1999 rates)

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*
No

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
75th percentile of 1991 rates

*Reimbursement to providers for a child's absent days:*
Up to 10 consecutive absent days. No limit on the total number of absent days per month or per year.

*Types of care eligible for differential rates:*
Providers meeting higher quality levels as assessed on the state's five-tier Aim High rating scale

## Types of Care Used by Families Receiving Child Care Assistance[136]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 41%
Unregulated center care:
Regulated family child care: 7%
Unregulated family child care: 13%
Regulated relative care:
Unregulated relative care: 39%
Regulated in-home care:
Unregulated in-home care: less than 1%

## State Contact

Steve Hendrix
Program Manager
Child Care Services Bureau
760 Motel Boulevard
Suite C
Las Cruces, NM 88005
Phone: 505-524-6044
Fax: 505-524-6086

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[133] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[134] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month. The state has a multi-tiered rating system tied to tiered reimbursement rates. The Level 1 rate, which is used for care meeting the basic licensing standards, is reported here.

[135] New Mexico's maximum reimbursement rate is for metropolitan areas, but it is compared to the 75th percentile of the statewide rate.

[136] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# New York

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $28,644

(Federal law allows the state to set its income eligibility limit as high as: $39,920)

As a percent of the 2000 federal poverty level: 202%

As a percent of the 2000 state median income: 61%

*January 1995 state income eligibility cutoff for a family of three*

As a dollar amount: $25,536

As a percent of the 1994 federal poverty level: 207%

As a percent of the 1994 state median income: 65%

*Is a low-income parent enrolled in college eligible for child care assistance?*

Yes, at district option

*Does a parent have to work while in college in order to qualify for assistance?*

Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*

30 consecutive months

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*

Yes. (Data on the number of children/families on the waiting list are not available.)

*How often do families have to recertify for child care assistance?*

Once per year for low-income families. Twice a year for TANF families.

*How do families recertify for assistance?*

Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[127]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $4 per month
*Fee as a percent of income:* 1%

*$14,150 a year (100% of 2000 poverty level):* $4 per month
*Fee as a percent of income:* <1%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):* $4 per month
*Fee as a percent of income:* <1%

*$21,225 a year (150% of 2000 poverty level):* $191 per month[128]
*Fee as a percent of income:* 11%

*Fees for multiple children:*

No additional fees for additional children.

*Families exempt from fees:*

TANF families, children receiving protective services (on a case-by-case basis)

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*

Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*

$844 per month[129] (Nassau, Suffolk, Putnam, and Westchester Counties)

*Is this rate equal to at least the 75th percentile of the current market rate?*

Yes

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1999 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*

Yes

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1995 rates

*Reimbursement to providers for a child's absent days:*

Counties have discretion in setting the policy. Counties may reimburse providers for up to 12 absences in a three-month period.

*Types of care eligible for differential rates:*

Special needs care (rate set equal to the infant rate for children with special needs, regardless of age), higher quality care (at district option), nontraditional-hour care (at district option)

## Types of Care Used by Families Receiving Child Care Assistance[130]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 33%
Unregulated center care:
Regulated family child care: 19%
Unregulated family child care: 21%
Regulated relative care:
Unregulated relative care: 12%
Regulated in-home care:
Unregulated in-home care: 15%

## State Contact

Suzanne Zafonte Sennett
Director, Bureau of Early Childhood Services
Office of Children and Family Services
Riverview 6
52 Washington Street
Rensselaer, NY 12144-2796
Phone: 518-474-9454
Fax: 518-474-9617
Email: aw1160@dfa.state.ny.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[127] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[128] This co-payment was calculated for a family living in a district that sets fees equal to 35 percent of the difference between the family's income and the state income standard. Districts may set fees as low as 10 percent of the difference but most apply a percentage of between 25 and 35 percent.

[129] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[130] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

BEST COPY AVAILABLE

# North Carolina

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $32,628

(Federal law allows the state to set its income eligibility limit as high as: $36,978)

As a percent of the 2000 federal poverty level: 231%

As a percent of the 2000 state median income: 75%

*January 1995 state income eligibility cutoff for a family of three*

As a dollar amount: $14,184

As a percent of the 1994 federal poverty level: 115%

As a percent of the 1994 state median income: 42%

*Is a low-income parent enrolled in college eligible for child care assistance?*

Yes

*Does a parent have to work while in college in order to qualify for assistance?*

Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*

2 years (but some counties use Smart Start funding to cover the remaining 2 years of a 4-year program)

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*

Yes. 8,577 children were on the waiting list.

*How often do families have to recertify for child care assistance?*

Once per year

*How do families recertify for assistance?*

Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[131]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $53 per month

*Fee as a percent of income: 9%*

*$14,150 a year (100% of 2000 poverty level):* $106 per month

*Fee as a percent of income: 9%*

*January 1995 fee for a family at 100% of poverty ($12,320 a year):* $65 per month

*Fee as a percent of income: 6%*

*$21,225 a year (150% of 2000 poverty level):* $159 per month

*Fee as a percent of income: 9%*

*Fees for multiple children:*

No additional fees for additional children.

*Families exempt from fees:*

Children receiving protective services, foster children, children living with adult caretakers who are not financially responsible for them

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*

Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*

$470 per month[132] (Wake County)

*Is this rate equal to at least the 75th percentile of the current market rate?*

No

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1997 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*

Yes

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1994 rates was used for category B providers, and higher rates were allowed for category A providers

*Reimbursement to providers for a child's absent days:*

Up to five absent days per month generally, but counties have the option of paying based on attendance only. (The state will also pay for more than five absent days if special circumstances exist.)

*Types of care eligible for differential rates:*

Special needs care (rates for certified development centers serving children with severe needs and rates determined on a case-by-case basis for children in typically developing centers), providers with higher quality ratings under the state's five-tier licensing system

## Types of Care Used by Families Receiving Child Care Assistance[133]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 84%
Unregulated center care:
Regulated family child care: 12%
Unregulated family child care:
Regulated relative care:
Unregulated relative care: 4%
Regulated in-home care:
Unregulated in-home care: less than 1%

## State Contact

Nancy Guy
Section Chief, Subsidy Services Section
Division of Child Development
2201 Mail Service Center
Raleigh, NC 27699-2201
Phone: 919-662-4561
Fax: 919-662-3071
Email: nancy.guy@ncmail.net

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[131] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[132] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month. The state has a multi-tiered rating system tied to tiered reimbursement rates. The one-star rate, which is used for care meeting the basic licensing standards, is reported here.

[133] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# North Dakota

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $29,340

(Federal law allows the state to set its income eligibility limit as high as: $33,502)

As a percent of the 2000 federal poverty level: 207%

As a percent of the 2000 state median income: 74%

*January 1995 state income eligibility cutoff for a family of three*

As a dollar amount: $16,548

As a percent of the 1994 federal poverty level: 134%

As a percent of the 1994 state median income: 53%

*Is a low-income parent enrolled in college eligible for child care assistance?*

Yes

*Does a parent have to work while in college in order to qualify for assistance?*

Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*

No limit

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*

No

*How often do families have to recertify for child care assistance?*

Each month

*How do families recertify for assistance?*

Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[134]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $100 per month
*Fee as a percent of income:* 17%

*$14,150 a year (100% of 2000 poverty level):* $180 per month
*Fee as a percent of income:* 15%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):* $186 per month
*Fee as a percent of income:* 18%

*$21,225 a year (150% of 2000 poverty level):* $280 per month
*Fee as a percent of income:* 16%

*Fees for multiple children:*

Same per-child fee for each child, with no discounts on the fee for additional children.

*Families exempt from fees:*

TANF families

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*

Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*

$400 per month[135] (Statewide)

*Is this rate equal to at least the 75th percentile of the current market rate?*

Yes

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1999 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*

No

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1991 rates

*Reimbursement to providers for a child's absent days:*

Nearly all absent days. State will generally only refuse to pay if the child is continually absent for an extended period of time and appears to have stopped attending completely.

*Types of care eligible for differential rates:*

None reported

## Types of Care Used by Families Receiving Child Care Assistance[136]

*What percentage of families receiving subsidies uses each of the following types of care?*

| | |
|---|---|
| Regulated center care: | Data not available |
| Unregulated center care: | |
| Regulated family child care: | |
| Unregulated family child care: | |
| Regulated relative care: | |
| Unregulated relative care: | |
| Regulated in-home care: | |
| Unregulated in-home care: | |

## State Contact

Bobbi Gitter
Child Care Administrator
North Dakota Department of Human Services
Office of Economic Assistance, State Capitol Judicial Wing
600 East Boulevard Avenue
Bismarck, ND 58505
Phone: 701-328-2332
Fax: 701-328-1060
Email: gitterb@state.nd.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[134] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[135] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[136] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# Ohio

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $25,680[137]
(Federal law allows the state to set its income eligibility limit as high as: $39,931)
As a percent of the 2000 federal poverty level: 181%
As a percent of the 2000 state median income: 55%

*January 1995 state income eligibility cutoff for a family of three*
As a dollar amount: $15,816
As a percent of the 1994 federal poverty level: 128%
As a percent of the 1994 state median income: 45%

*Is a low-income parent enrolled in college eligible for child care assistance?*
Yes

*Does a parent have to work while in college in order to qualify for assistance?*
Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*
No limit as long as education relates to parent's employment goals

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*
No

*How often do families have to recertify for child care assistance?*
Once per year. Families enrolled in Head Start are allowed to remain eligible for child care assistance for a full year without having to recertify, regardless of changes in the family's situation such as in income or employment status.

*How do families recertify for assistance?*
Families are allowed to recertify by phone and/or by mail. (Some counties also allow part of the process to be completed on-line, although supporting documents, such as paystubs and signed materials, must still be mailed in.)

## Parent Co-payments[138]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $10 per month
*Fee as a percent of income:* 2%

*$14,150 a year (100% of 2000 poverty level):* $28 per month
*Fee as a percent of income:* 2%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):*
$27 per month
*Fee as a percent of income:* 3%

*$21,225 a year (150% of 2000 poverty level):* $93 per month
*Fee as a percent of income:* 5%

*Fees for multiple children:*
Reduced fees for additional children.

*Families exempt from fees:*
Children receiving protective services

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*
No

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*
$476 per month[139] (Hamilton County)

*Is this rate equal to at least the 75th percentile of the current market rate?*
Yes

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
75th percentile of 1998 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*
Cannot be determined from data available

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
75th percentile of the market rate (did not indicate year of rates)

*Reimbursement to providers for a child's absent days:*
Counties must reimburse for up to 10 absent days per six-month period, and may pay for additional absent days at their discretion.

*Types of care eligible for differential rates:*
Special needs care, nontraditional-hour care (at county option) (State planned to allow counties the option of implementing higher rate for NAEYC-accredited programs as of October 2000.)

## Types of Care Used by Families Receiving Child Care Assistance[140]

*What percentage of families receiving subsidies uses each of the following types of care?*

| | |
|---|---|
| Regulated center care: | Data not available (While state was not able to provide data, it did report that it does not pay for relative or exempt care.) |
| Unregulated center care: | |
| Regulated family child care: | |
| Unregulated family child care: | |
| Regulated relative care: | |
| Unregulated relative care: | |
| Regulated in-home care: | |
| Unregulated in-home care: | |

## State Contact

Charles McMillion
Chief Planning and Grants Manager
Ohio Department of Job and Family Services
Bureau of Child Care Services
255 East Main Street
3rd Floor
Columbus, OH 43215
Phone: 617-752-6220
Fax: 614-728-6803

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[137] The March 2000 income cutoff was set at 185 percent of the 1999 federal poverty level. The cutoff was adjusted for the updated federal poverty level in July.

[138] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[139] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[140] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

BEST COPY AVAILABLE

# Oklahoma

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $29,040[141]
(Federal law allows the state to set its income eligibility limit as high as: $31,618)
As a percent of the 2000 federal poverty level: 205%
As a percent of the 2000 state median income: 78%

*January 1995 state income eligibility cutoff for a family of three*
As a dollar amount: $19,080
As a percent of the 1994 federal poverty level: 155%
As a percent of the 1994 state median income: 63%

*Is a low-income parent enrolled in college eligible for child care assistance?*
Yes

*Does a parent have to work while in college in order to qualify for assistance?*
Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*
4-year degree

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*
No

*How often do families have to recertify for child care assistance?*
Once per year

*How do families recertify for assistance?*
Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[142]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $0 per month
*Fee as a percent of income:* 0%

*$14,150 a year (100% of 2000 poverty level):* $44 per month
*Fee as a percent of income:* 4%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):* $76 per month
*Fee as a percent of income:* 7%

*$21,225 a year (150% of 2000 poverty level):* $139 per month
*Fee as a percent of income:* 8%

*Fees for multiple children:*
Reduced fees for additional children.

*Families exempt from fees:*
Very low-income families, TANF families, children receiving protective services (on a case-by-base basis), foster children, individuals receiving Supplemental Security Income

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*
No

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*
$260 per month[143] (Canadian, Cleveland, Kay, Kingfisher, Oklahoma, Tulsa, and Washington Counties)

*Is this rate equal to at least the 75th percentile of the current market rate?*
No

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
$143 per month below the 75th percentile of 1999 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*
No

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
Statewide limit set below the 75th percentile of 1994 rates

*Reimbursement to providers for a child's absent days:*
Up to five absent days a month (these days are only reimbursed if the child is authorized for full-time care).

*Types of care eligible for differential rates:*
Special needs care, homes and centers with higher quality ratings under state's three-star system

## Types of Care Used by Families Receiving Child Care Assistance[144]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 82%
Unregulated center care:
Regulated family child care: 18%
Unregulated family child care:
Regulated relative care: less than 1%
Unregulated relative care:
Regulated in-home care: less than 1%
Unregulated in-home care:

## State Contact

Susan Hall
Programs Manager
Department of Human Services
2400 North Lincoln
Oklahoma City, OK 73152
Phone: 405-521-3500
Fax: 405-521-4158
Email: Susan.Hall@OKDHS.org

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[141] The income cutoff shown here takes into account a 20 percent earned income deduction.

[142] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[143] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month. The state has a multi-tiered rating system tied to tiered rates. The one-star rate, which is used for care meeting basic licensed standards, is reported here.

[144] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# Oregon

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $25,680
(Federal law allows the state to set its income eligibility limit as high as: $38,717)
As a percent of the 2000 federal poverty level: 181%
As a percent of the 2000 state median income: 56%

*January 1995 state income eligibility cutoff for a family of three*
As a dollar amount: $24,948
As a percent of the 1994 federal poverty level: 202%
As a percent of the 1994 state median income: 74%

*Is a low-income parent enrolled in college eligible for child care assistance?*
Yes, but served through a small program available to a limited number of families

*Does a parent have to work while in college in order to qualify for assistance?*
Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*
Eligible while attending a 2- or 4-year degree program; time limit of 6 years

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*
No waiting list for working families. Oregon has provisions in its regulations indicating that working families who are eligible cannot be placed on waiting lists. (The state does not provide a similar guarantee for parents in postsecondary programs. These families may be placed on waiting lists.)

*How often do families have to recertify for child care assistance?*
Every 6 months for low-income families (low-income families may have to recertify more often—every three or four months—if their income is unstable). TANF families who are in the monthly reporting system for TANF assistance only have to recertify for child care once a year. Families enrolled in Head Start are allowed to remain eligible for child care assistance for a full year without having to recertify.

*How do families recertify for assistance?*
Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[145]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $25 per month
*Fee as a percent of income:* 4%

*$14,150 a year (100% of 2000 poverty level):* $82 per month
*Fee as a percent of income:* 7%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):*
$81 per month
*Fee as a percent of income:* 8%

*$21,225 a year (150% of 2000 poverty level):* $286 per month
*Fee as a percent of income:* 16%

*Fees for multiple children:*
No additional fees for additional children.

*Families exempt from fees:*
TANF families (Transitioning and low-income families in their first two months of eligibility for Employment Related Day Care have their fees limited to $25 per month.)

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*
Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*
$398 per month[146] (Metropolitan areas and some university towns)

*Is this rate equal to at least the 75th percentile of the current market rate?*
No

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
$67 per month below the 75th percentile of 1999 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*
No

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
75th percentile of 1990 rates

*Reimbursement to providers for a child's absent days:*
Up to five absent days a month.

*Types of care eligible for differential rates:*
Special needs care (infant rate used for children with special needs regardless of age; state also planned to begin determining rates on a case-by-case basis for children with severe needs), family child care providers meeting certain training requirements

## Types of Care Used by Families Receiving Child Care Assistance[147]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 15%
Unregulated center care:
Regulated family child care: 25%
Unregulated family child care: 25%
Regulated relative care:
Unregulated relative care: 20%
Regulated in-home care:
Unregulated in-home care: 15%

## State Contact

Mark Anderson
Child Care Program Analyst
Adult and Family Services
500 Summer Street, NE, E47
Salem, OR 97301-1066
Phone: 503-945-6110
Fax: 503-373-7032
Email: mark.anderson@state.or.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[145] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[146] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[147] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# Pennsylvania

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $28,300[148]
(Federal law allows the state to set its income eligibility limit as high as: $39,546)
As a percent of the 2000 federal poverty level: 200%
As a percent of the 2000 state median income: 61%

*January 1995 state income eligibility cutoff for a family of three*
As a dollar amount: $28,951
As a percent of the 1994 federal poverty level: 235%
As a percent of the 1994 state median income: 80%

*Is a low-income parent enrolled in college eligible for child care assistance?*
Yes, but limited to 12 hours a week of child care to cover school hours

*Does a parent have to work while in college in order to qualify for assistance?*
Yes, 25 hours per week

*Is there a limit on how long a parent can attend college and continue to receive assistance?*
No limit

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*
No

*How often do families have to recertify for child care assistance?*
Every 6 months

*How do families recertify for assistance?*
Low-income families are allowed to recertify by phone and/or by mail. TANF families must appear in person for recertification.

## Parent Co-payments[149]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $22 per month
*Fee as a percent of income:* 4%

*$14,150 a year (100% of the 2000 poverty level):* $65 per month
*Fee as a percent of income:* 6%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):*
$22 per month
*Fee as a percent of income:* 2%

*$21,225 a year (150% of 2000 poverty level):* $152 per month
*Fee as a percent of income:* 9%

*Fees for multiple children:*
No additional fees for additional children.

*Families exempt from fees:*
TANF families who are both working and in training

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*
Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*
$606 per month[150] (Delaware County)

*Is this rate equal to at least the 75th percentile of the current market rate?*
Yes

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
75th percentile of 1998 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*
Yes

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
75th percentile of 1994 rates

*Reimbursement to providers for a child's absent days:*
Up to 30 days per year. (The state allows the limit to be waived and reimburses for additional absent days in certain circumstances.)

*Types of care eligible for differential rates:*
Special needs care (rate based on developmental age of child), nontraditional-hour care

## Types of Care Used by Families Receiving Child Care Assistance[151]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care:
Unregulated center care:
Regulated family child care:
Unregulated family child care:
Regulated relative care:
Unregulated relative care:
Regulated in-home care:
Unregulated in-home care:

Data not available

## State Contact

C. Scott Bucher
Director, Division of Early Childhood Development and Training
Department of Public Welfare, Office of Children, Youth and Families
Bureau of Child Day Care Services
P.O. Box 2675
Harrisburg, PA 17105-2675
Phone: 717-787-8691
Fax: 717-787-1529
Email: Cbucher@state.pa.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[148] Families already receiving assistance can continue doing so until their annual income reaches $33,253.

[149] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[150] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[151] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# Rhode Island

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $31,230[182]

(Federal law allows the state to set its income eligibility limit as high as: $44,272)

As a percent of the 2000 federal poverty level: 221%

As a percent of the 2000 state median income: 60%

*January 1995 state income eligibility cutoff for a family of three*

As a dollar amount: $21,405

As a percent of the 1994 federal poverty level: 174%

As a percent of the 1994 state median income: 55%

*Is a low-income parent enrolled in college eligible for child care assistance?*

No (but parents receive full-time care if working at least 20 hours a week and can use the additional hours of care to cover school attendance)

*Does a parent have to work while in college in order to qualify for assistance?*

Not applicable

*Is there a limit on how long a parent can attend college and continue to receive assistance?*

Not applicable

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*

No. Rhode Island has established a legal entitlement to assistance for all eligible families. This means that eligible families who apply for assistance cannot be turned away.

*How often do families have to recertify for child care assistance?*

Every 6 months for low-income families (Rhode Island planned to extend the certification period from 6 months to one year). Every 12 months for TANF families (although these families may meet with their TANF case managers on a more frequent basis, giving an opportunity to verify their continued need for child care assistance).

*How do families recertify for assistance?*

Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[183]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $0 per month

*Fee as a percent of income:* 0%

*$14,150 a year (100% of 2000 poverty level):* $0 per month

*Fee as a percent of income:* 0%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):* $22 per month

*Fee as a percent of income:* 2%

*$21,225 a year (150% of 2000 poverty level):* $74 per month

*Fee as a percent of income:* 4%

*Fees for multiple children:*

Reduced fees for additional children.

*Families exempt from fees:*

Very low-income families, TANF families, teen parents

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*

No

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*

$606 per month[184] (Statewide)

*Is this rate equal to at least the 75th percentile of the current market rate?*

Yes

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1998 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*

No

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

Statewide limit set below the 75th percentile of the market rate (did not indicate year of rates)

*Reimbursement to providers for a child's absent days:*

No limits and no documentation required for a provider to receive full reimbursement if a child attends at least one hour during a week, but the state will only reimburse for up to two consecutive weeks of absences a year and in these situations requires documentation.

*Types of care eligible for differential rates:*

Child care centers and family child care networks offering comprehensive child care services based on the Head Start model

## Types of Care Used by Families Receiving Child Care Assistance[185]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 68%
Unregulated center care:
Regulated family child care: 17%
Unregulated family child care:
Regulated relative care:
Unregulated relative care: 10%
Regulated in-home care:
Unregulated in-home care: 5%

## State Contact

Reeva Sullivan Murphy
Child Care Administrator
Rhode Island Department of Human Services
Louis Pasteur Building #57
600 New London Avenue
Cranston, RI 02920
Phone: 401-462-6875
Fax: 401-462-6878
Email: rmurphy@gw.dhs.state.ri.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[182] The March 2000 income cutoff was set at 225 percent of the 1999 federal poverty level. The cutoff was adjusted for the updated federal poverty level in April.

[183] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[184] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[185] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

BEST COPY AVAILABLE

# South Carolina

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $17,350[186]
(Federal law allows the state to set its income eligibility limit as high as: $35,457)
As a percent of the 2000 federal poverty level: 123%
As a percent of the 2000 state median income: 42%

*January 1995 state income eligibility cutoff for a family of three*
As a dollar amount: $25,675
As a percent of the 1994 federal poverty level: 208%
As a percent of the 1994 state median income: 78%

*Is a low-income parent enrolled in college eligible for child care assistance?*
Yes

*Does a parent have to work while in college in order to qualify for assistance?*
Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*
No limit

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*
Yes. The state had frozen intake.

*How often do families have to recertify for child care assistance?*
Once per year

*How do families recertify for assistance?*
Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[187]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $22 per month
*Fee as a percent of income:* 4%

*$14,150 a year (100% of 2000 poverty level):* $30 per month
*Fee as a percent of income:* 3%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):* $22 per month
*Fee as a percent of income:* 2%

*$21,225 a year (150% of 2000 poverty level):* $48 per month
*Fee as a percent of income:* 3%

*Fees for multiple children:*
Same per-child fee for each child, with no discounts on the fee for additional children.

*Families exempt from fees:*
TANF families, foster children

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*
Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*
$320 per month[188] (Urban areas—Columbia, Richland County)

*Is this rate equal to at least the 75th percentile of the current market rate?*
Yes

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
75th percentile of 1998 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*
Yes

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
75th percentile of 1993 rates, at a minimum

*Reimbursement to providers for a child's absent days:*
Up to 10 consecutive absent days with a maximum of 31 days per year. (The state allows these limits to be waived and reimburses for additional absent days in certain circumstances.)

*Types of care eligible for differential rates:*
Special needs care, enhanced and NAEYC-accredited centers

## Types of Care Used by Families Receiving Child Care Assistance[189]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 76%
Unregulated center care:
Regulated family child care: 9% (group child care homes)
Unregulated family child care: 12% (family child care and relative care)
Regulated relative care: Data not available (relative care grouped with unregulated family child care)
Unregulated relative care:
Regulated in-home care:
Unregulated in-home care: 3%

## State Contact

Kitty Casoli
Department Head for Child Care and Development Services
South Carolina Department of Health and Human Services
Bureau of Community Services
P.O. Box 8206, 1801 Main Street, 8th Floor
Columbia, SC 29202-8206
Phone: 803-898-2570
Fax: 803-898-4510
Email: casoli@dhhs.state.sc.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[186] Families already receiving assistance can continue doing so until their annual income reaches $24,290. The March 2000 income cutoff was set at 125 percent of the 1999 federal poverty level. The cutoff was adjusted for the updated federal poverty level in October. The state has also recently raised its income cutoff to 150 percent of the federal poverty level.

[187] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[188] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month. The state has a multi-tiered rating system tied to tiered rates. The rate reported here is the rate used for care meeting basic licensed standards.

[189] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# South Dakota

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $22,113[180]
(Federal law allows the state to set its income eligibility limit as high as: $33,437)
As a percent of the 2000 federal poverty level: 156%
As a percent of the 2000 state median income: 56%

*January 1995 state income eligibility cutoff for a family of three*
As a dollar amount: $18,468
As a percent of the 1994 federal poverty level: 150%
As a percent of the 1994 state median income: 60%

*Is a low-income parent enrolled in college eligible for child care assistance?*
Yes

*Does a parent have to work while in college in order to qualify for assistance?*
Yes, 10 hours per week, and total number of class hours plus work hours must equal 20 hours per week (work requirements can be waived if a parent is practice teaching or has an internship)

*Is there a limit on how long a parent can attend college and continue to receive assistance?*
4 years

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*
No

*How often do families have to recertify for child care assistance?*
Every 6 months

*How do families recertify for assistance?*
Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[181]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $0 per month
*Fee as a percent of income:* 0%

*$14,150 a year (100% of 2000 poverty level):* $0 per month
*Fee as a percent of income:* 0%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):* $29 per month
*Fee as a percent of income:* 3%

*$21,225 a year (150% of 2000 poverty level):* $340 per month
*Fee as a percent of income:* 19%

*Fees for multiple children:*
No additional fees for additional children.

*Families exempt from fees:*
Very low-income families, TANF families (Children receiving protective services are not explicitly exempt from fees, but because the state only counts the child's income, they do not have incomes high enough for them to be subject to fees.)

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*
Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*
$390 per month[182] (Urban counties—Brookings, Clay, Lawrence, Lincoln, Minnehaha, Pennington, and Union Counties)

*Is this rate equal to at least the 75th percentile of the current market rate?*
Yes

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
75th percentile of 1999 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*
Yes

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
75th percentile of 1994 rates

*Reimbursement to providers for a child's absent days:*
Up to one absent day per week or 36 hours per month.

*Types of care eligible for differential rates:*
Special needs care

## Types of Care Used by Families Receiving Child Care Assistance[183]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 46%
Unregulated center care:
Regulated family child care: 40%
Unregulated family child care: 2%
Regulated relative care:
Unregulated relative care: 11% (includes 9% in the relative's home and 2% in the child's home)
Regulated in-home care:
Unregulated in-home care: 1%

## State Contact

Patricia Monson
Program Manager
South Dakota Department of Social Services
Office of Child Care Services
700 Governors Drive
Pierre, SD 57501
Phone: 605-773-4766
Fax: 605-773-7294
Email: Patricia.Monson@state.sd.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[180] The income cutoff shown here takes into account a 4 percent earned income deduction.

[181] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[182] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[183] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# Tennessee

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $24,324
(Federal law allows the state to set its income eligibility limit as high as: $34,446)
As a percent of the 2000 federal poverty level: 172%
As a percent of the 2000 state median income: 60%

*January 1995 state income eligibility cutoff for a family of three*
As a dollar amount: $17,580
As a percent of the 1994 federal poverty level: 143%
As a percent of the 1994 state median income: 54%

*Is a low-income parent enrolled in college eligible for child care assistance?*
Yes

*Does a parent have to work while in college in order to qualify for assistance?*
Not required, but must work if needed to fulfill 40 hour-a-week work requirement (parents receive credit for 1 hour of study time for each hour of class)

*Is there a limit on how long a parent can attend college and continue to receive assistance?*
No limit

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*
Yes. 2,200 families with 4,500 children were on the waiting list.

*How often do families have to recertify for child care assistance?*
Every 6 months

*How do families recertify for assistance?*
Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[184]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $22 per month
*Fee as a percent of income: 4%*

*$14,150 a year (100% of 2000 poverty level):* $39 per month
*Fee as a percent of income: 3%*

*January 1995 fee for a family at 100% of poverty ($12,320 a year):* $22 per month
*Fee as a percent of income: 2%*

*$21,225 a year (150% of 2000 poverty level):* $113 per month
*Fee as a percent of income: 6%*

*Fees for multiple children:*
Reduced fees for additional children.

*Families exempt from fees:*
TANF families, children receiving protective services, foster children

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*
Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*
$333 per month[185] (Top 15 counties with highest average population in the last 3 years)

*Is this rate equal to at least the 75th percentile of the current market rate?*
No

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
$13 per month below the 75th percentile of 1998 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*
No

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
75th percentile of 1992 rates

*Reimbursement to providers for a child's absent days:*
Up to 10 consecutive absent days as long as the parent contacts their provider. The state also allows up to 30 consecutive absent days if a child is seriously ill or in other special circumstances, as long as there is documentation provided by the local agency. No limit on the total number of absent days per month or per year.

*Types of care eligible for differential rates:*
Special needs care (rates determined on a case-by-case basis)

## Types of Care Used by Families Receiving Child Care Assistance[186]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 81%
Unregulated center care:
Regulated family child care: 8%
Unregulated family child care:
Regulated relative care:
Unregulated relative care: 10%
Regulated in-home care:
Unregulated in-home care: 1%

## State Contact

Louis Rudolph
Director of Child Care Certificate Program
Department of Human Services
400 Deaderich Street, Citizens Plaza Building
14th Floor
Nashville, TN 37248-9600
Phone: 615-313-4753
Email: lsrudolph@mail.state.tn.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[184] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[185] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[186] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# Texas

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $21,225-$34,272[167]

(Federal law allows the state to set its income eligibility limit as high as: $34,272)

As a percent of the 2000 federal poverty level: 150%-242%

As a percent of the 2000 state median income: 53%-85%

*January 1995 state income eligibility cutoff for a family of three*

As a dollar amount: $18,480

As a percent of the 1994 federal poverty level: 150%

As a percent of the 1994 state median income: 56%

*Is a low-income parent enrolled in college eligible for child care assistance?*

Yes

*Does a parent have to work while in college in order to qualify for assistance?*

Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*

Varies by locality

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*

Yes. 17,186 families with 31,450 children were on the waiting list.

*How often do families have to recertify for child care assistance?*

The decision is up to local boards; most have certification period of 12 months or less, but they have the discretion to make the certification period longer than 12 months. Localities are given the option of extending the eligibility period for child care assistance for Head Start families to match the Head Start school year.

*How do families recertify for assistance?*

Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[168]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $53 per month

*Fee as a percent of income:* 9%

*$14,150 a year (100% of 2000 poverty level):* $106 per month

*Fee as a percent of income:* 9%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):* $92 per month

*Fee as a percent of income:* 9%

*$21,225 a year (150% of 2000 poverty level):* $159 per month

*Fee as a percent of income:* 9%

*Fees for multiple children:*

Reduced fees for additional children.

*Families exempt from fees:*

TANF families, children receiving protective services (on a case-by-case basis), individuals receiving Supplemental Security Income

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*

No

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*

$435 per month[169] (Capital Area, Travis County)

*Is this rate equal to at least the 75th percentile of the current market rate?*

Yes

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1999 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*

Cannot be determined from data available

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of the market rate (did not indicate year of rates)

*Reimbursement to providers for a child's absent days:*

Localities determine their own absent day policies. Local boards generally allow up to 30 absent days a year.

*Types of care eligible for differential rates:*

Special needs care, higher quality care

## Types of Care Used by Families Receiving Child Care Assistance[170]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 78%
Unregulated center care:
Regulated family child care: 7%
Unregulated family child care:
Regulated relative care:
Unregulated relative care: 15%
Regulated in-home care:
Unregulated in-home care:

## State Contact

Nancy Hard
Child Care Services Director
Texas Workforce Commission
101 East 15th Street, Suite 130T
Austin, TX 78778
Phone: 512-463-6473
Fax: 512-463-5067
Email: nancy.hard@twc.state.tx.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[167] Localities set their own income cutoffs within state guidelines.

[168] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[169] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[170] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# Utah

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $23,928[171]
(Federal law allows the state to set its income eligibility limit as high as: $36,288)
As a percent of the 2000 federal poverty level: 169%
As a percent of the 2000 state median income: 56%

*January 1995 state income eligibility cutoff for a family of three*
As a dollar amount: $12,324
As a percent of the 1994 federal poverty level: 100%
As a percent of the 1994 state median income: 37%

*Is a low-income parent enrolled in college eligible for child care assistance?*
Yes

*Does a parent have to work while in college in order to qualify for assistance?*
Yes, 15 hours per week

*Is there a limit on how long a parent can attend college and continue to receive assistance?*
24 months

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*
No

*How often do families have to recertify for child care assistance?*
Every 3 months

*How do families recertify for assistance?*
Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[172]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $15 per month
*Fee as a percent of income:* 3%

*$14,150 a year (100% of 2000 poverty level):* $36 per month
*Fee as a percent of income:* 3%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):* $32 per month
*Fee as a percent of income:* 3%

*$21,225 a year (150% of 2000 poverty level):* $255 per month
*Fee as a percent of income:* 15%

*Fees for multiple children:*
Reduced fees for additional children.

*Families exempt from fees:*
TANF families, families in first two months of transition from TANF

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*
Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*
$372 per month[173] (Urban areas)

*Is this rate equal to at least the 75th percentile of the current market rate?*
Yes

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
75th percentile of 1998 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*
Yes

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
Statewide limit set above the 75th percentile of the market rate

*Reimbursement to providers for a child's absent days:*
Nearly all absent days. State will generally only refuse to pay if the child is continually absent for an extended period of time and appears to have stopped attending completely.

*Types of care eligible for differential rates:*
Special needs care (infant rate used for children over two-and-a-half years old, and accredited infant care rate used for children under two-and-a-half), accredited care

## Types of Care Used by Families Receiving Child Care Assistance[174]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 30%
Unregulated center care: 5%
Regulated family child care: 10%
Unregulated family child care: 25%
Regulated relative care:
Unregulated relative care: 25%
Regulated in-home care:
Unregulated in-home care: 5%

## State Contact

Lynette Rasmussen
Office of Child Care Director
Department of Workforce Services
140 East 300 South
Salt Lake City, UT 84111
Phone: 801-526-4341
Fax: 801-526-4349
Email: wsadmsds.lrasmus@state.ut.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[171] The income cutoff shown here takes into account a $100-per-month work deduction and a $100-per-month standard deduction.

[172] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[173] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[174] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

BEST COPY AVAILABLE

# Vermont

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $31,032
(Federal law allows the state to set its income eligibility limit as high as: $36,995)
As a percent of the 2000 federal poverty level: 219%
As a percent of the 2000 state median income: 71%

*January 1995 state income eligibility cutoff for a family of three*
As a dollar amount: $22,032
As a percent of the 1994 federal poverty level: 179%
As a percent of the 1994 state median income: 63%

*Is a low-income parent enrolled in college eligible for child care assistance?*
Yes

*Does a parent have to work while in college in order to qualify for assistance?*
Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*
No limit, but must make satisfactory progress

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*
No. Vermont's budget language requires the agency responsible for the child care subsidy program to seek additional funds from the legislature before capping any services.

*How often do families have to recertify for child care assistance?*
Every 6 months. Through specific grant agreements, children served in Head Start/PreK-child collaboratives are allowed to remain eligible for the grant year, up to 12 months.

*How do families recertify for assistance?*
Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[175]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $0 per month
*Fee as a percent of income:* 0%

*$14,150 a year (100% of 2000 poverty level):* $0 per month
*Fee as a percent of income:* 0%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):* $18 per month
*Fee as a percent of income:* 2%

*$21,225 a year (150% of 2000 poverty level):* $123 per month
*Fee as a percent of income:* 7%

*Fees for multiple children:*
Reduced fees for additional children.

*Families exempt from fees:*
Very low-income families, TANF families, children receiving protective services

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*
Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*
$410 per month[176] (Statewide)

*Is this rate equal to at least the 75th percentile of the current market rate?*
No

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
$153 per month below the 75th percentile of 2000 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*
No

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
Statewide limit set below the 75th percentile of the market rate (did not indicate year of rates)

*Reimbursement to providers for a child's absent days:*
For absent days totaling up to 25 percent of the days for which a child's care is authorized—for example, a child authorized for care 20 days a month can be absent up to 5 days a month. Reimbursement for additional absent days is also approved if the provider explains the absences.

*Types of care eligible for differential rates:*
Special needs care, registered home providers with a Child Development Associate degree or National Association for Family Child Care accreditation and accredited centers

## Types of Care Used by Families Receiving Child Care Assistance[177]

*What percentage of families receiving subsidies uses each of the following types of care?*

| | |
|---|---|
| Regulated center care: | Data not available |
| Unregulated center care: | |
| Regulated family child care: | |
| Unregulated family child care: | |
| Regulated relative care: | |
| Unregulated relative care: | |
| Regulated in-home care: | |
| Unregulated in-home care: | |

## State Contact

Kimberly A. Keiser
State Child Care Administrator
Department of Social and Rehabilitiation Services
Child Care Services Division
103 South Main Street
2 North
Waterbury, VT 05671
Phone: 802-241-3110
Fax: 802-241-1220
Email: kkeiser@srs.state.vt.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[175] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[176] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[177] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

BEST COPY AVAILABLE

# Virginia

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $21,228, $22,632, or $26,172[178]

(Federal law allows the state to set its income eligibility limit as high as: $40,734)

As a percent of the 2000 federal poverty level: 150%, 160%, or 185%

As a percent of the 2000 state median income: 44%, 47%, or 55%

*January 1995 state income eligibility cutoff for a family of three*

As a dollar amount: $28,032

As a percent of the 1994 federal poverty level: 227%

As a percent of the 1994 state median income: 75%

*Is a low-income parent enrolled in college eligible for child care assistance?*

Yes

*Does a parent have to work while in college in order to qualify for assistance?*

Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*

No time limit but studies must be related to obtaining employment and assistance is not provided for studies beyond a Bachelor's degree

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*

Yes. 8,381 families were on the waiting list.

*How often do families have to recertify for child care assistance?*

Once per year

*How do families recertify for assistance?*

Low-income families must recertify in person. (The written policy requires that a parent must have "direct contact" with their caseworker to recertify, which is generally interpreted to mean that recertification must be done in person.) TANF families are automatically eligible if they are working. (Families can apply for recertification for TANF itself by mail or phone.)

## Parent Co-payments[179]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $59 per month
*Fee as a percent of income:* 10%

*$14,150 a year (100% of 2000 poverty level):* $118 per month
*Fee as a percent of income:* 10%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):*
$103 per month
*Fee as a percent of income:* 10%

*$21,225 a year (150% of 2000 poverty level):* $177 per month
*Fee as a percent of income:* 10%

*Fees for multiple children:*

No additional fees for additional children.

*Families exempt from fees:*

Very low-income families, TANF families, children living with adult caretakers who are not financially responsible for them

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*

Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*

$680 per month[180] (Arlington)

*Is this rate equal to at least the 75th percentile of the current market rate?*

No

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1997 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*

Yes

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1993 rates

*Reimbursement to providers for a child's absent days:*

Any absent days if the provider's policy is to charge private-paying families for them. Some localities have set a maximum number of days for which they will pay without good cause.

*Types of care eligible for differential rates:*

Special needs care (rates determined on a case-by-case basis)

## Types of Care Used by Families Receiving Child Care Assistance[181]

*What percentage of families receiving subsidies uses each of the following types of care?*[182]

| | |
|---|---|
| Regulated center care:<br>Unregulated center care: | 58% (includes regulated and unregulated) |
| Regulated family child care:<br>Unregulated family child care: | 26% (includes regulated and unregulated) |
| Regulated relative care:<br>Unregulated relative care: | 15% (includes regulated and unregulated) |
| Regulated in-home care:<br>Unregulated in-home care: | 1% (includes regulated and unregulated) |

## State Contact

Mary Ward
Program Consultant
Virginia Department of Social Services
730 East Broad Street
Richmond, VA 23219
Phone: 804-692-1616
Fax: 804-692-2209
Email: maw900@email1.dss.state.va.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[178] Different income cutoffs are used for different regions of the state to reflect variations in the cost of living

[179] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[180] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[181] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

[182] Virginia was not able to provide a breakdown for families' use of regulated versus unregulated care for each category but reported that overall, 82 percent of care is regulated and 18 percent is unregulated.

BEST COPY AVAILABLE

# Washington

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $31,236[183]
(Federal law allows the state to set its income eligibility limit as high as: $40,999)
As a percent of the 2000 federal poverty level: 221%
As a percent of the 2000 state median income: 65%

*January 1995 state income eligibility cutoff for a family of three*
As a dollar amount: $20,436
As a percent of the 1994 federal poverty level: 166%
As a percent of the 1994 state median income: 55%

*Is a low-income parent enrolled in college eligible for child care assistance?*
Yes, but limited to vocational education programs

*Does a parent have to work while in college in order to qualify for assistance?*
Yes, 20 hours per week or 16 hours per week for work study

*Is there a limit on how long a parent can attend college and continue to receive assistance?*
36 months

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*
No

*How often do families have to recertify for child care assistance?*
Every 6 months

*How do families recertify for assistance?*
Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[184]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $10 per month
*Fee as a percent of income: 2%*

*$14,150 a year (100% of 2000 poverty level):* $20 per month
*Fee as a percent of income: 2%*

*January 1995 fee for a family at 100% of poverty ($12,320 a year):*
$1 per month
*Fee as a percent of income: <1%*

*$21,225 a year (150% of 2000 poverty level):* $98 per month
*Fee as a percent of income: 6%*

*Fees for multiple children:*
No additional fees for additional children.

*Families exempt from fees:*
Children receiving protective services (on a case-by-case basis), employed foster parents

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*
No

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*
$575 per month[185] (Seattle, King County)

*Is this rate equal to at least the 75th percentile of the current market rate?*
No

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
$6 per month below the 75th percentile of 1998 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*
No

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
75th percentile of 1992 rates

*Reimbursement to providers for a child's absent days:*
Up to five absent days a month (these days are only reimbursed if the child is authorized for full-time care).

*Types of care eligible for differential rates:*
Special needs care, nontraditional-hour care

## Types of Care Used by Families Receiving Child Care Assistance[186]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 41%
Unregulated center care:
Regulated family child care: 25%
Unregulated family child care:
Regulated relative care:
Unregulated relative care: 23%
Regulated in-home care:
Unregulated in-home care: 11%

## State Contact

Rachel Langen
Director, Division of Child Care and Early Learning
Washington State Economic Services Administration
P.O. Box 45480
Olympia, WA 98504
Phone: 360-902-8038
Fax: 360-902-7588

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[183] The March 2000 income cutoff was set at 225 percent of the 1999 federal poverty level. The cutoff was adjusted for the updated federal poverty level April 1st.

[184] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[185] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[186] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# West Virginia

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $20,820

(Federal law allows the state to set its income eligibility limit as high as: $31,179)

As a percent of the 2000 federal poverty level: 147%

As a percent of the 2000 state median income: 57%

*January 1995 state income eligibility cutoff for a family of three*

As a dollar amount: $14,988

As a percent of the 1994 federal poverty level: 122%

As a percent of the 1994 state median income: 51%

*Is a low-income parent enrolled in college eligible for child care assistance?*

Yes

*Does a parent have to work while in college in order to qualify for assistance?*

Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*

No limit, but parent must maintain adequate attendance and grades (for the college level, a minimum gradepoint average of 2.0)

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*

No

*How often do families have to recertify for child care assistance?*

Every 6 months

*How do families recertify for assistance?*

Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[187]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $16 per month

*Fee as a percent of income:* 3%

*$14,150 a year (100% of 2000 poverty level):* $49 per month

*Fee as a percent of income:* 4%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):* $33 per month

*Fee as a percent of income:* 3%

*$21,225 a year (150% of 2000 poverty level):* Not eligible

*Fee as a percent of income:* Not eligible

*Fees for multiple children:*

Reduced fees for additional children.

*Families exempt from fees:*

Very low-income families, children receiving protective services (on a case-by-case basis) (TANF parents are not explicitly exempt from fees, but rarely pay fees because they do not have incomes high enough to be subject to them.)

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*

No

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*

$368 per month[188] (Statewide)

*Is this rate equal to at least the 75th percentile of the current market rate?*

Yes

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1999 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*

No

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

Statewide limit set below the 75th percentile of the market rate (did not indicate year of rates)

*Reimbursement to providers for a child's absent days:*

Up to five absent days a month.

*Types of care eligible for differential rates:*

Special needs care (rates based on developmental age of child), accredited family child care and center care

## Types of Care Used by Families Receiving Child Care Assistance[189]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 41%

Unregulated center care:

Regulated family child care: 59% (includes group and family child care)

Unregulated family child care:

Regulated relative care:

Unregulated relative care:

Regulated in-home care: less than 1%

Unregulated in-home care:

## State Contact

Kay Tilton
Director, Division of Child Care
Department of Health and Human Resources
350 Capitol Street, Room 691
Charleston, WV 25301-3704
Phone: 304-558-2993
Fax: 304-558-8800
Email: Ktilton@wvdhhr.org

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[187] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[188] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[189] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# Wisconsin

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $25,680[190]
(Federal law allows the state to set its income eligibility limit as high as: $40,891)
As a percent of the 2000 federal poverty level: 181%
As a percent of the 2000 state median income: 53%

*January 1995 state income eligibility cutoff for a family of three*
As a dollar amount: $27,996
As a percent of the 1994 federal poverty level: 227%
As a percent of the 1994 state median income: 78%

*Is a low-income parent enrolled in college eligible for child care assistance?*
Yes

*Does a parent have to work while in college in order to qualify for assistance?*
Yes, number of hours determined by local agency; usually 10 hours per week

*Is there a limit on how long a parent can attend college and continue to receive assistance?*
2 years

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*
No. Wisconsin, although not adopting any legal or regulatory provisions, has explicitly stated its commitment to serving all families who apply for help and meet the income eligibility criteria. The state has worked to budget sufficient funds so it will be able to assist all eligible families who apply.

*How often do families have to recertify for child care assistance?*
Every 6 months

*How do families recertify for assistance?*
Families must recertify in person.

## Parent Co-payments[191]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $17 per month
*Fee as a percent of income:* 3%

*$14,150 a year (100% of 2000 poverty level):* $74 per month
*Fee as a percent of income:* 6%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):*
$0 per month
*Fee as a percent of income:* 0%

*$21,225 a year (150% of 2000 poverty level):* $165 per month
*Fee as a percent of income:* 9%

*Fees for multiple children:*
Reduced fees for additional children.

*Families exempt from fees:*
Families receiving cash assistance who have teenage parents in high school with their own children (Transitioning families are charged the minimum fee level—$17 a month for a family of three—for the first month after leaving TANF, regardless of income.)

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*
Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*
$710 per month[192] (Milwaukee County)

*Is this rate equal to at least the 75th percentile of the current market rate?*
Yes

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
75th percentile of 1999 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*
Yes

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*
75th percentile of 1994 rates

*Reimbursement to providers for a child's absent days:*
Nearly all absent days. State will generally only refuse to pay if the child is continually absent for an extended period of time and appears to have stopped attending completely.

*Types of care eligible for differential rates:*
Special needs care (infant rate used for children with special needs regardless of age), accredited care

## Types of Care Used by Families Receiving Child Care Assistance[193]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 62%
Unregulated center care:
Regulated family child care: 38% (includes relative care)
Unregulated family child care: less than 1%
Regulated relative care: Data not available (relative care grouped with family child care; estimated to account for less than 4% of care)
Unregulated relative care:
Regulated in-home care: less than 1%
Unregulated in-home care:

## State Contact

David Edie
Director, Office of Child Care
Wisconsin Department of Workforce Development
Division of Workforce Solutions
201 East Washington Avenue, Room G100
P.O. Box 7935
Madison, WI 53707-7935
Phone: 608-266-6946
Fax: 608-261-6968
Email: edieda@dwd.state.wi.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[190] Families already receiving assistance can continue doing so until their annual income reaches $27,756. The March 2000 income cutoff to qualify for help was set at 185 percent of the 1999 federal poverty level. The cutoff was adjusted for the updated federal poverty level later that year.

[191] Monthly fees were calculated from hourly, daily, and weekly fees with the assumptio[illegible]at children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[192] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month

[193] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

BEST COPY AVAILABLE

# Wyoming

## Eligibility Criteria

*State income eligibility cutoff for a low-income family of three to qualify for assistance*

As a dollar amount: $18,828

(Federal law allows the state to set its income eligibility limit as high as: $34,566)

As a percent of the 2000 federal poverty level: 133%

As a percent of the 2000 state median income: 46%

*January 1995 state income eligibility cutoff for a family of three*

As a dollar amount: $17,844

As a percent of the 1994 federal poverty level: 145%

As a percent of the 1994 state median income: 53%

*Is a low-income parent enrolled in college eligible for child care assistance?*

Yes

*Does a parent have to work while in college in order to qualify for assistance?*

Not required

*Is there a limit on how long a parent can attend college and continue to receive assistance?*

Up to a first degree or a Bachelor's degree, but no limit on length of time allowed to complete degree

## Access to Assistance for Eligible Families

*Does the state have a waiting list or frozen intake for child care assistance?*

No

*How often do families have to recertify for child care assistance?*

Every 6 months

*How do families recertify for assistance?*

Families are allowed to recertify by phone and/or by mail.

## Parent Co-payments[184]

*Fee for a family of three with one child in care and earning:*

*$7,075 a year (50% of 2000 poverty level):* $11 per month

*Fee as a percent of income:* 2%

*$14,150 a year (100% of 2000 poverty level):* $11 per month

*Fee as a percent of income:* 1%

*January 1995 fee for a family at 100% of poverty ($12,320 a year):*

$108 per month

*Fee as a percent of income:* 11%

*$21,225 a year (150% of the 2000 poverty level):* Not eligible

*Fee as a percent of income:* Not eligible

*Fees for multiple children:*

Same per-child fee for each child, with no discounts on the fee for additional children.

*Families exempt from fees:*

Children receiving protective services

*Is a provider allowed to charge parents additional fees, beyond required co-payments, if the provider's rate is higher than the state's maximum reimbursement rate?*

Yes

## Payment Rates

*Maximum provider reimbursement rate for a four-year-old in a licensed, non-accredited center:*

$450 per month[185] (Statewide)

*Is this rate equal to at least the 75th percentile of the current market rate?*

Yes

*How does the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1999 rates

*January 1995 state maximum reimbursement rate: Was it equal to at least the 75th percentile of the current market rate?*

Yes

*How did the state's maximum reimbursement rate compare to the 75th percentile of the market rate?*

75th percentile of 1993 rates

*Reimbursement to providers for a child's absent days:*

Does not reimburse for any absent days.

*Types of care eligible for differential rates:*

Special needs care

## Types of Care Used by Families Receiving Child Care Assistance[186]

*What percentage of families receiving subsidies uses each of the following types of care?*

Regulated center care: 30%
Unregulated center care:
Regulated family child care: 40% (includes regulated and
Unregulated family child care: unregulated)
Regulated relative care:
Unregulated relative care: 25%
Regulated in-home care:
Unregulated in-home care: 5%

## State Contact

Sue Bacon
Child Care Consultant,, Department of Family Services
Wyoming Department of Family Services
2300 Capitol Avenue
Hathway Building, Room 344
Cheyenne, WY 82002
Phone: 307-777-6848
Fax: 307-777-3659
Email: sbacon@state.wy.us

Data represent the state's policies as of March 15, 2000, unless otherwise noted. See text for more details.

---

[184] Monthly fees were calculated from hourly, daily, and weekly fees with the assumption that children were in care 9 hours a day, 5 days a week, 4.33 weeks a month. For states that calculated fees based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the maximum state rate.

[185] The monthly rate was calculated assuming that the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.

[186] States vary in how they define regulated care. In some states, regulated programs must meet extensive requirements, while in others the requirements are minimal. States also differ in which programs they require to be regulated. Some regulate all providers regardless of how many children they serve, while other states allow providers to serve as many as 12 children without being regulated.

# Publications of the Child Care and Development Division
## Children's Defense Fund
## November 2001

### *General Information*

The High Cost of Child Care Puts Quality Care Out of Reach for Many Families. Karen Schulman. December 2000.

Key Facts: Essential Information on Child Care, Early Education, and School Age Care (1999 Edition). Helen Blank, Karen Schulman, and Danielle Ewen. November 1999.

### *Reports on Child Care Subsidy Policies and Investments*

Child Care Subsidy Guide: An Introduction. Nicole Oxendine Poersch and Danielle Ewen. March 2000.

State Child Care and Early Education Developments: 2000. Helen Blank, Andrea Behr, and Karen Schulman. March 2001.

State Child Care and Early Education Developments: 1999. Helen Blank and Nicole Oxendine Poersch. December 1999.

State Child Care and Early Education Developments: Highlights and Updates for 1998. Helen Blank and Nicole Oxendine Poersch. February 1999.

State Child Care and Early Education Developments: Highlights and Updates for 1997. Helen Blank and Gina Adams. November 1997.

Helping Parents Work and Children Succeed: A Guide to Child Care and the 1996 Welfare Act. Helen Blank. January 1997.

### *Reports on Policies Enhancing Child Care Quality and Supply*

How Safe? The Status of State Efforts to Protect Children in Child Care. Gina Adams. October 1995.

Promoting Access to Quality Child Care: Critical Steps in Conducting Market Rate Surveys and Establishing Rate Policies. Louise Stoney. August 1994. (Also available, Rate Surveys and Policies: Key Issues for Advocates. Ibid.)

### *Reports on Prekindergarten, Head Start, and Early Childhood Programs*

Bringing It Together: State-Driven Community Early Childhood Initiatives. Atelia Melaville, Laurie Miller, and Helen Blank. December 2001.

Seeds of Success: State Prekindergarten Initiatives, 1998-1999. Karen Schulman, Helen Blank, and Danielle Ewen. September 1999.

Head Start: Helping Families Move from Welfare to Work. Belva Finlay with Helen Blank and Nicole Oxendine Poersch. May 1998.

Working Together for Children: Head Start and Child Care Partnerships. Nicole Oxendine Poersch and Helen Blank. January 1996.

### *Information on Ways to Expand Advocacy*

Working with State and Local Elected Officials: A Guide for Early Care and Education Advocates. Prepared by Helen Blank and Nicole Oxendine Poersch. 1996.

Also note that numerous child care fact sheets and other child data are available on
CDF's website at www.childrensdefense.org

DEAR LORD
BE GOOD TO ME
THE SEA IS SO
WIDE AND
MY BOAT IS
SO SMALL

Children's Defense Fund®

25 E Street, NW
Washington, DC 20001
202-628-8787
www.childrensdefense.org